Sustainable Biomass Partnership

SIA NEWFUELS RSEZ

Supply Base Report for wood chips producers from forest and non forest land:

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Annex 1: Detailed Findings for Supply Base Evaluation Indicators

Annex 1: Detailed Findings for all indicators

	Indicator
1.1.1	The BP Supply Base is defined and mapped
Finding	• The biomass supply base includes the main feedstock producers in Latvia, which are forest managers - state forest enterprise AS Latvijas Valsts Meži, municipalities, churches, private forest owners and timber processing industry importing and producing (feedstock received during timber processing, feedstock from energy plantations and feedstock received from outside forests) the biomass products. The main biomass products provided for the market from sawmills and other timber industry entities in general are twofold: round wood and secondary feedstock such as sawdust and shavings. These materials can be sourced from primary feedstock producers from Latvia such as state, municipal forest managers, private forest owners and other local timber industry entities importing and/or producing it during timber processing when mixing local timber material with other imported material. Nevertheless the definition of the supply base on the production level (sawmills etc.) is clear, however tracing back source material to the defined supply base could be difficult in case feedstock material is supplied from several countries. (see criteria 1.2.1). • With regard to the supply base and mapping at the forest level the main planning document that serves for description of the supply base in both state and private forests is the Forest Management Plan providing description of forest resources, assessment, monitoring and planning of forest resources with corresponding maps defined for forest owners. The Regulations on Forest Inventory and State Forest Register and Regulations on Forest Management Plans define the procedures for preparation, approval and registration, content and quality review of the forest management plans. Forest management plans are prepared for a 20 years period and include analysis and inventory of the forest resources for the previous period as well as detailed resource description and data inventory records of the current cycle. Instruction on forest management planning defines the requirements for data and map description to be included into the management plan. In forest management plans maps are used for specifying the planned activities and locations.

Means of Verification	• The Scope is defined and justified; • Maps to the appropriate scale are available; • Felling Permits, transport and procurement documents
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 88 “Regulations on Forest Inventory and State Forest Register”, "Latvijas Vēstnesis", 45 (4851), 05.03.2013. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Real Estate Cadaster Law (01.01.2006) • Law On Procedure for Registering the Real Estate in the Land Register (06.03.1997)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base
Finding	• The Latvian timber processing industry traditionally imports roundwood and sawn wood from neighbouring countries. The supply base of sawmills and other timber processing entities include a mix of local timber and feedstock material – roundwood, sawn wood as well as chips, sawdust and feedstock imported from other countries. Main wood import partners are neighbouring countries - Lithuania, Estonia, Russian Federation and the Republic of Belarus as well as other EU countries –Poland, Sweden, Germany, Netherlands and EEC country

Norway.

- As the feedstock production process in sawmills is quite complicated and it is difficult to track the raw material back to supply back and amount of mixed timber during the production process, it is necessary to analyse the composition of feedstock sources and material type used for biomass processing. Since biomass processing companies in Latvia utilise feedstock supplied from non EU countries with a high corruption index and subsequent specified risk for feedstock legality it must be evaluated how significant the risk level is for feedstock material imported from abroad.

- The statistics shows that the share of imported roundwood has been instantly increasing over the last 5 years from 1.3% in 2009 to 9.8% in 2014. Considering the roundwood used for processing, i.e. excluding the exported volume of roundwood, the share of imported roundwood ranges from 1.8% in 2009 to 13.9% in 2014. Major volumes of roundwood are imported from Lithuania whose share accounts for more than 2/3 of the total volume of imported roundwood in the last years. The share of imported roundwood from the Republic of Belarus has been decreasing in favour of imported roundwood from Lithuania. The share of imported roundwood from the Republic of Belarus shows an instantly decreasing trend over the last 5 years, i.e. from 55% in 2009 to 18% in 2014 (2010 - 55%; 2011 - 40%; 2012 - 34%; 2013 - 25%). Imports of sawn wood constitute about 1/3 of the total wood (roundwood and sawn timber) import. The biggest volumes of sawn wood imports originate from Estonia, Republic of Belarus and the Russian Federation. Sawn wood constitute a smaller volume out of which the certain amount is mixed with local timber during the timber processing and can be provided to the market in the form of biomass products.

- The biggest volume of roundwood and sawn wood in the last years is imported from countries with low risk with regard to legality of roundwood origin (characterised by Transparency International's Corruption Perception Index, FSC Controlled Wood Risk Assessment). But roundwood sourcing countries such as the Republic of Belarus, Russian Federation and Ukraine traditionally have specified risk in regard to the legality of roundwood origin characterised by the Corruption Perception Index (Transparency International) and FSC Controlled Wood Risk Assessment results.

- The share of imported roundwood from the Republic of Belarus, Russian Federation and Ukraine in the roundwood basket of Republic of Latvia is in the

range of 0.72% in 2009 to 2.36% in 2014. (2010 – 2.14%, 2011 – 1.34%, 2012 – 1.89%, 2013 – 2.1%). When excluding the exported roundwood, the share of imported roundwood from the mentioned countries is in the range of 1% to 3.3% in the last 5 years. Considering both roundwood and sawn wood import, the share of imported wood from the Republic of Belarus, Russian Federation and Ukraine was in the range of 1.3% in 2009 to 4.5% in 2014.

- The specification of level of risk and significance for this indicator were discussed during the stakeholder consultation process. Stakeholders have underlined that the share of imported timber from countries with a specified risk level with regard to the timber legality, i.e. the Russian Federation, the Republic of Belarus and Ukraine, is small. Most of the timber imported to Latvia from the Russian Federation is FSC certified or controlled material (FSC Controlled Wood), supported by the fact that timber from Russian Federation is mostly purchased by large sawmills that are FSC/PEFC certified. The share of imported roundwood from Russian Federation in imported roundwood basket is small, but growing i.e. 6% in 2014, 2% in 2013 and below 1% during the period from 2009-2012. With regard to sawn wood, the share of lumber import from Russian Federation has been fluctuating in range of 15%-30% of all lumber import over last 5 year period

- In the Republic of Belarus the majority of the State forests are FSC/PEFC certified and the timber is sold through the Belarus Timber Exchange. The share of roundwood import from the Republic of Belarus has been steadily decreasing over the last 5 year period: from 55% of all roundwood import in 2009 to 18% in 2014. The share of lumber import from the Republic of Belarus has been in range of 17%-27% over the last 5 year period without exhibiting particular trend.

- Imported timber volumes from Ukraine are rather negligible to consider. The statistical data show that import of lumber from Ukraine is ranging from 0.7%-1.7% in last 4 years not exhibiting particular trend. There have been no roundwood supplies from Ukraine during last 5 years according to statistical data.

- In addition, the large share of timber and timber products imported from both countries is re-exported to third countries, primarily other European Union countries. Thirdly, further enforcement of the EU Timber regulation further minimizes the risks of importing and placing timber of unknown or illegal origin on the EU market. Information from the EUTR Competent Authority – the State Forest Service shows that enforcement of the EU Timber Regulation is taking

	place, i.e. legislation regarding penalties and confiscation, covering all timber products as provided in the EUTR, has been in place since the 1st of July 2015. Furthermore, the EU Timber Regulation Competent Authority is constantly working on implementation of their audit system on imported timber, which includes site visits to importers of timber and verifying the origin of timber. Taking into consideration the above mentioned, the risk level for this indicator has been categorized to "low risk". • With focus on the local supply base, i.e. Latvia at the forest level, logging operations in most cases are carried out based on Harvesting permits and the requirements of the forest management plan. However, there are some specific types of harvesting where harvesting permits are not required and logging can be done without a harvesting permit (thinning works, maintenance of clearances, logging trees with diameter <12cm, logging of deadwood and wind fallen trees) with subsequent provision of written notice to legal authorities. The Regulations on Harvesting in Forest defines information that shall be included in the Harvesting permit. Information contained in the Harvesting permit (place of harvest, forest property, and type of forest logging works, information on compartment and plot, harvesting area, contact details of forest owner etc.) allows the supply base to be tracked back to origin. In the case of feedstock harvesting outside forest land, permission from the local municipality is required. Regulations on Logging outside Forest Land provide a general legal framework for harvesting outside forest lands. Regulations defines cases when a harvesting permit from the local municipality is not required, e.g. trees within protection belts, dangerous trees, trees threatening infrastructure, trees with stump diameter less than 20cm etc. In the latter case, the owner is required to provide declaration of origin of the feedstock, providing details on owner(s), property, land use type, harvested and sold volume of wood/feedstock. The current legislation states that Harvesting permits shall be kept 5 years by forest owners and the State Forest Service regional forestry, which is responsible for issuing the Harvesting permits. Law on Road Cargo and Value Added Tax states that physical and legal persons, transporting timber from private forests, shall have the timber transportation waybill referencing the origin of wood and with a reference to the Harvesting permit. The necessary information to be included in the waybill is defined in the mentioned legislation (contact information of supplier, receiver and deliverer, details about vehicle, the transportation place and time, tree species and volume, the place and time of deliverance). The mentioned legal acts allow linking transport documents, trade or export to the specific material in

	question and to the origin. The Road Police controls road cargo transportation with regard to implementation of the aforementioned legislation. The State Revenue Service controls implementation of legal acts related to the Value Added Tax. • Taking into consideration the above mentioned, the risk level for this indicator has been specified as “low risk”.
Means of Verification	• Feedstock inputs, including species and volumes, are consistent with the defined Supply Base; • Felling Permits, transport documentation and goods-in records are consistent with the defined scope of the SBE; • Supplier audits for raw material origin
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 88 “Regulations on Forest Inventory and State Forest Register”, "Latvijas Vēstnesis", 45 (4851), 05.03.2013. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations No. 309 “On Tree Felling in non-forest land”, "Latvijas Vēstnesis", 70 (4673), 08.05.2012 • Law On Inventory of Trees and Round Timber, "Latvijas Vēstnesis", 208 (3156), 28.12.2004., "Ziņotājs", 2, 27.01.2005 • Cabinet of Ministers Regulations Nr. 744 “Regulations on Accounting of Trees and Round Timber”, "Latvijas Vēstnesis", 181 (3757), 09.11.2007 • Law on Carriage by Road (23.08.1995) • Law on Convention on the Contract for the International Carriage of Goods by Road (CMR) (19.05.1956, amendments 14.04.1994) • Law on Additional Protocol to the Convention on the Contract for the International Carriage of Goods by Road (CMR) Concerning the Electronic

	Consignment Note (17.12.2009) • Cabinet of Ministers Regulations No. 225 "Procedure for Combined Commercial Cargo Transport, A combined Multimodality or with a Hired Vehicle, as well as Requirements for Intermodal Cargo Documents" (29.04.2003) • Law on Taxes and Fees (02.02.1995) • Cabinet Regulation No. 17 "Application of Requirements of Law On Value Added Tax and Specific Requirements for Payment and Administering of Value Added Tax" (03.01.2013) Reports • Statistical data, Wood import and export (Central Statistical Board, State Forest Service)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Risk at**
Comment or Mitigation Measure	

	Indicator
1.1.3	The feedstock input profile is described and categorized by the mix of inputs
Finding	• The state forest enterprise AS Latvijas Valsts Meži, municipal forest owners along with the majority of private forest owners does not process timber and sell only the primary products: round wood, fuel wood, chips, harvesting residues etc. The other forest owners such as the private forest owners or associations of owners may have their own timber processing facilities; however, they mostly sell primary forest products to other commercial entities. Regulations on round wood measurement and calculation set out the order on how the round wood is accepted (i.e. specify requirements for documents) and describe the rules of the documented timber tracking system and explain in detail, how the required documentation shall be filled in. Regulations apply to all physical and legal entities producing or selling timber products. Regulations on measurement and

	volume calculation of round wood and timber of standing forests defines the procedures, definitions, measurement methods, means and places of round wood and are obligatory for all forest owners, managers, traders and suppliers. The aforementioned legislation establishes systems that ensure the feedstock input profile is described and categorized correctly by the mix of inputs. • (See indicator 1.1.2).
Means of Verification	Feedstock inputs records
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 88 "Regulations on Forest Inventory and State Forest Register", "Latvijas Vēstnesis", 45 (4851), 05.03.2013. • Cabinet of Ministers Regulations Nr. 67 "On forest management plan", "Latvijas Vēstnesis", 26 (5085), 06.02.2014. • Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations No. 309 "On Tree Felling in non-forest land", "Latvijas Vēstnesis", 70 (4673), 08.05.2012 • Law On Inventory of Trees and Round Timber, "Latvijas Vēstnesis", 208 (3156), 28.12.2004., "Ziņotājs", 2, 27.01.2005 • Cabinet of Ministers Regulations Nr. 744 "Regulations on Accounting of Trees and Round Timber", "Latvijas Vēstnesis", 181 (3757), 09.11.2007 • National Standard LVS 82:2003 „Round Timber Surveying and Measurement"
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
1.2.1	Legality of ownership and land use can be demonstrated for the Supply Base.
Finding	• In Latvia, the real property registration process is regulated by a number of Laws and Regulations. Tenure rights can be registered in land registry only if a natural person or a legal entity in any form provides relevant documents confirming the legal rights to the land concerned. This includes identification documents (passport, ID card, company registration documents, etc.), sales-purchase agreements, court decisions or other documents proving legal right to own real property. The main primary BPs in Latvia providing raw material for biomass production to other companies, are state forest enterprise AS LVM and private forest owners. State forest enterprise is intrusted to perform forest activities in state forests by the Decision of the Government in which the detailed information on state forests with exact boundaries is provided. The state forest enterprise is certified according to FSC/PEFC forest management and chain of custody standard in which the indicators concerning tenure, ownership and management rights and responsibilities are evaluated constantly. In over 10 years of the FSC certification process, no substantial issues concerning the violation of forest ownership and legal land use rights or any disputes over these rights in state forest were identified in state forests. In addition, state forest enterprises have the obligation to perform management rights (sanitation cuttings, etc.) in forests reserved for restitution. The land (forest) restitution process is still on-going. The process of forest restitution and establishment of legal rights including the provisions for solving disputes is clearly defined by legislation. Private forest ownership rights shall follow the registration process outlined in legislation and be registered in State Land Register (Zemesgrāmata). Every private forest owner shall have the forest estate plan and registration document. • There is no evidence available to indicate that land rights happen in violation of the national legislation. There is no official information on cases of corruption involved in the process of issuing land tenure and management rights. The Latest survey (April, 2014 , http://www.knab.gov.lv/uploads/free/knab_lf_aptauja2014.pdf) on corruption perception in Latvia organized by the Corruption Prevention and Combating Bureau (KNAB) shows that the State Land Service and the Land Register institution is among top 10 state institutions that the general public trusts the

	most (regards institution "fair" or "rather fair" in terms of corruption). Considering this and the current score on the Transparency International Corruption Perception Index (CPI=55, year 2014) the risk for this category is considered “low risk”.
Means of Verification	• Documents demonstrating that the Biomass Producer is a legally defined entity; • Documents showing legal ownership, lease, history of land tenure and the actual legal use: State Land Register (Zemesgrāmata) records; passport, ID card, company registration documents, etc.), sales-purchase agreements, court decisions or other documents proving legal right to own real property or business entity; • In situations where customary rights govern use and access, these rights are clearly identifiable. • Long term unchallenged use.
Evidence Reviewed	• The Latvian Civil Code (28.01.1937) • Law On Land Reform in Rural Areas of the Republic of Latvia (21.11.1990) • Law On the Privatization of Land in Rural Areas (01.09.1992) • Law On Agrarian Land Reform in the Republic of Latvia (13.06.1990) • Law On Completion of Land Reform in Rural Areas of the Republic of Latvia (30.10.1997) • Land Register Law (22.12.1937) • Real Estate Cadastre Law (01.01.2006) • Law On Procedure for Registering the Real Estate in the Land Register (06.03.1997) • Law on Land Ownership Right of the State and the Local Governments and their Securing in the Land Registry (29.03.1995) • Law On Restoration of Ownership Rights On Land Occupied by Specially Protected Land Objects (14.09.1995) • Law On Compensation for Restrictions on Economic Activities in Protected Areas

	(01.06.2013) • Melioration Law (01.14.2010) • Protection Belt Law (11.10.2009) • Law on Forests (24.02.2000) Reports • Corruption Perception in Latvia (a study of Corruption Prevention Bureau of Latvia, April 2014) • Transparency International Corruption Perception Index
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified**
Comment or Mitigation Measure	

	Indicator
1.3.1	Feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	• Implementation of the EU Timber Regulation (EUTR) occurred relatively recently. Through the Regulation, the Competent Authority – in this case the State Forest Service, Ministry of Agriculture – has been designated as required. So far no detailed instructions or advices have been provided by the Competent Authority. Inspections and controls of the wood sector companies have not yet started. According to information from the Competent Authority, inspections and control of companies is envisaged commencing in 2015. The risk of illegal tropical wood entering the EU market through Latvia due to a lack of control of due diligence procedures is low because of scale, i.e. imported volumes is small since most of the wood is imported via other EU countries. There is some risk of illegal wood entering from neighbouring non-EU countries – the Republic of Belarus and the Russian Federation. It has to be noted though that most timber imported from these countries is sourced by

FSC-certified companies whose Chain-of-Custody systems and wood sourcing are regularly verified by independent certification institutions.

- The legislation covers domestic production but not imports. Timber resource production in Latvia is carried out in accordance with the procedures stipulated in law. Once a year, the law requires forest owners or legal administrators to provide information to the State Forest Service regarding their commercial operations, including timber production and sales, which is also checked by the State Revenue Service. Accordingly, based on Latvia's national legislation, checks are carried out to verify the origin of timber, along with accounting transactions, so the requirements of EU Timber Regulation for domestic production are met. Non-compliance with forest regulations, including illegal timber harvesting or transactions, can be punished with criminal sanctions laid down in State legislation, including criminal liability, fines and/or a prison sentence for negligence and acting against the law. The penalties and sanctions are considered to be robust. There is clear evidence that they will be effective, proportionate and dissuasive. Current penalties and sanctions at national level are satisfactory, which is one of the reasons for the trend towards a reduction in illegal timber harvesting in Latvia over the past 15 years.

- The institution responsible, the State Forest Service, is improving the annual audit systems for checks on operators. Currently, confiscation of timber harvested nationally is possible, but legislation to allow confiscation of imported timber or timber products is at the draft stage.

- The Competent Authority (State Forest Service) is empowered to act, with a member of staff having been trained and dedicated to EUTR. A risk assessment system is being developed in collaboration with the Nature Conservation Agency, which is a CITES supervisory institution. There is an annual budget for the Competent Authority (CA) that is clearly dedicated for EUTR activities.

- There has been no assessment to determine the number of operators at national level and no checks so far, but there is a process for future assessments. Specific training events for operators have not been carried out, but information has been clarified at meetings of the Latvian Forest Owners' Association and Latvian Forest Industry Federation. Quality information has been provided and explained at seminars organised by potential monitoring organisations for individual merchants. A website is under development, and information will also be posted on the website of the Ministry of Agriculture.

- The WWF Government Barometer 2014 gave Latvia a score of 4/20 and reports that ""Latvia has received a lower score in 2014 than in 2012. Legislation to fully implement the EUTR is still under development: imported timber is not fully covered and amendments of

	the Administrative Code of Violations are still at a draft stage, on the date of the survey."" • The European Commission released a scorecard in 2014, which reported that Latvia – for Competent Authorities Penalties and Checks – 'the obligation is in a process of fulfilment'. • The responsible institution for implementation of EU timber Regulation, i.e. the State Forest Service was inquired during the stakeholder consultation process to make an update on the issues mentioned in both the WWF Barometer study (http://barometer.wwf.org.uk/what_we_do/government_barometer/the_illegal_logging_issue/) and the European Commission scorecard. Information from the State Forest Service regarding the implementation process of the EU Timber Regulation shows the fast pace of development with implementation of the EU Timber Regulation requirements. According to the information from the State Forest Service, most issues, particularly those indicated in WWF Barometer survey have already been resolved or are in the process of implementation. • Thus, the risk level for this particular indicator is designated as “low risk”.
Means of Verification	• National legislation; • Level of enforcement; • Supplier contracts with obligation to fulfil EUTR requirements; • Reference to sources of information in guidance notes; • Interviews with supplier key staff • BPs have an up-to-date forest legislation/regulations registry. • BPs make use of public information on legal non-compliance, provided by regulatory authorities and reports from third parties
Evidence Reviewed	Laws and Regulations: The State Forest Service Law, "Latvijas Vēstnesis", 416/419 (1876/1879), 15.12.1999., "Ziņotājs", 24, 30.12.1999. Cabinet Regulations No. 449 "The Statutes of the State Forest Service", "Latvijas Vēstnesis", 149 (4955), 02.08.2013.

	Customs Law, Latvijas Vēstnesis", 54 (3002), 06.04.2004., "Ziņotājs", 9, 13.05.2004. Binding EU legislation: Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market; Commission Delegated Regulation (EU) No 363/2012 of 23 February 2012 on the procedural rules for the recognition and withdrawal of recognition of monitoring organizations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market; Commission Implementing Regulation (EU) No 607/2012 of 6 July 2012 on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organizations as provided for in Regulation (EU) No 995/2010 of the European Parliament and of the Council laying down the obligations of operators who place timber and timber products on the market; • Commission Implementing Regulation (EU) No 927/2012 of 9 October 2012 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff Reports • Statistical data on forest protection in 2013 (State Forest Service, 2013) • WWF Government Barometer 2014
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
1.4.1	Payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
Finding	• There are no specific forest harvesting fees such as royalties, stumpage fees and other volume based fees in Latvia. There are also no fees based on quantities, qualities and species. Applicable taxes related to all commercial entities in the forestry sector are Corporate Income Tax, Value Added Tax, Personal Income Tax, State Social Security Obligatory Payments, Microenterprise Tax and Capital Increase Tax. • The Value Added Tax legislation specifies the rights, obligations and liability of tax authorities and taxable persons, as well as setting out the procedures for tax proceedings. Value added tax (VAT) must be paid by all persons (both natural and legal) with an annual turnover from their business higher than 50,000 EUR per annum. • State Revenue Service (Valsts Ieņēmumu dienests) is responsible for the collection of VAT, which has to be declared every month by the tax payer. Since 2008, VAT for timber has been paid by the purchaser and not by the seller, in order to avoid VAT laundering. This significant change in VAT law promoted very good preventive measures to stop illegal activities related to VAT payments, contributing to a reduction of VAT laundering. If timber is sold by a natural person to a legal entity, that natural person is liable to pay income tax, which is 15% of the amount received. In this case, income tax on behalf of seller (physical person) is paid by the company, which is purchasing the wood. If wood is sold by an individual entrepreneur doing timber sales business, income tax is paid by that person once a year through income declaration process. Income tax declaration is coordinated by the State Revenue Service (Valsts Ieņēmumu dienests). Declaration of income and payment of income tax is promoted by a possibility to get back part of the income tax declared, which gives an economic incentive to do so. Information about the tax payer is available online in the Register of tax payers. In addition, it is possible to check legal entities on the website of the State Revenue Service for tax debts. • According to statistical data from the State Revenue Service, forestry sector accounts for 4.9% of all tax payers – commercial entities – legal and individual persons whose primary business is forestry or wood processing industry related.

26% of commercial entities working in the forestry sector are Value Added Tax payers. Of those 88% are legal entities and 8% microenterprises.

- Forestry sector contributes 2.4% of all tax revenues, of these 60-70% is paid by commercial entities working in the forestry and logging sector, the rest is paid by the wood processing industry sector. There is high aggregation of tax payers in the sector, i.e. 2 tax payers (commercial entities) secure up to 70% of all tax revenues in the forest sector. Of that 1 tax payer in forest industry secures tax payment in 60% volume of total amount of collected taxes in forestry sector.
- 5% of the companies working in forestry (4% of total number of commercial entities) sector have signs of fictive companies. According to State Revenue Service, companies that have signs of fictive commercial entities have been relatively stable since 2010.
- Observed situation with Obligatory social security tax and Personal income tax revenues show positive trends in the last years, which is explained by an increase in both number of workers and an increase in income in the sector after the financial crisis.
- State Revenue Service analysis of the tax revenues, total tax and non-tax contributions in the forestry sector shows that there is a large proportion of taxpayers who receive a refund of the overpaid VAT in excess of their contributions by the budget. However, their share has been falling in last years.
- The State Revenue Service points out a tendency of negative balance in undeclared VAT transaction sums in the sector - acquisitions indicated by taxpayers in tax declarations exceed acquisitions of the industry taxpayers declared as marketing (the total value of transactions). The value of undeclared VAT transaction sums has been increasing since 2009. The highest volume of undeclared VAT transactions is observed in the wood processing sector, where the increases in volume of undeclared VAT transactions have been increasing substantially since 2009. A small increase is observed in the forestry sector.
- Payment of taxes and VAT in particular is closely related to the share of the shadow economy in Latvia. Recent studies show that the shadow economy in Latvia amounts to one-quarter of the total economy. For example, according to the latest study (Shadow Economy Index in Baltic States 2009–2013, Stockholm School of Economics in Riga Sustainable Business Centre) the shadow economy index in Latvia accounted for 23.8% of the gross domestic product (GDP) in 2013.

The index of shadow economy has decreased over the last three years, i.e. from 38.1% at the height of the economic crisis in 2010, to 30.2% in 2011, and 21.2% in 2012. The main driving forces behind the Latvian shadow economy is profit omission and tax avoidance ('envelope wages'), which remain major problems in the view of the authors of this survey.

- The magnitude of the issue is characterised in State Revenue Service analysis of the forest sector. The analysis shows that between 30-40% employees in the forest sector receive the minimum wage or an amount that is below the minimum wage. The average level in the country is 23-25%. There is a small decreasing trend in the number of employees receiving the minimum wage in the last 3-4 years. The share of employees receiving the minimum wage is slightly higher in the wood processing sector. Wages that are comparable to the average level in the country employees receive 30-38%, which is below the national average (40%).

- The risk of VAT avoidance is considered significantly higher for smaller companies and individual entrepreneurs, small forest owners.

- Given the high share of the shadow economy and the issues with VAT, indicated by the State Revenue Service, “envelope wage” issue indicated by the high share of employees receiving minimum wage, the arguments for “specified risk” for this category were brought up for discussion during the stakeholder consultation process.

- Stakeholders consider there are already mechanisms elaborated to combat tax evasion in the forestry sector, namely – reverse payment of VAT, relatively low threshold of Personal Income Tax; exclusion of Personal Income Tax from timber sales revenues that are invested in forest regeneration. 7.5% and 5% effective rates of Personal Income Tax for private forest owners are considered reasonably low to be motive of fraud in the view of stakeholders. In the view of stakeholders these measures should provide reasonable incentive for forest owners to pay taxes. Stakeholders point on additional argument to be considered as factor for risk minimization, i.e. control over the measurement of roundwood by industry acknowledged independent 3rd party institution.

- Additional arguments were provided by the Ministry of Economy and the State Revenue Service in relation to the latest initiative by the government with regard to combating the shadow economy.

- A Shadow Economy Combating Council (SECC) is established at the Prime Minister's office. In June 2015 at a SECC meeting the Ministry of Finance (MoF) and the State Revenue Service (SRS) presented the government and social partners update on the progress of reducing the share of shadow economy made so far. The Action Plan (Plan) for limiting the shadow economy 2015-2020, containing measures on how to reduce the shadow economy in the country targeted to attaining level of shadow economy below the average level in the European Union by 2020.
- The Action Plan sets target to reducing the share of shadow economy by 5% by 2020. The Plan contains an action plan for a number of areas of action:
- • Tax collection promotion - a horizontal state administration priority;
- • Complex solutions for rehabilitation of the shadow economy most affected sectors of economy. This includes implementation of special "Government shadow economy mitigation project" in sectors with the highest tax payment non-compliance;
- • Change of morale of Tax payment through effective exchange of information, communication and education processes;
- • Capacity building for the State Revenue Service and other institutions involved in enforcement of Tax legislation;
- • Strengthening the dispute settlement (court) and penalty system;
- • Improving the efficiency of tax policy.
- The SECC and the government have come up with an initiative to set the limitation of the shadow economy as a horizontal priority for the government during preparation of the State Budget for year 2016. It has been agreed to provide maximum support to plans aimed at reduction of the shadow economy, in particular in the following priority in sectors such as construction, retail, wholesale, Public transport and services sector. Ministries and social partners have been asked to submit proposals on measures to combat the shadow economy until the end of June. The Ministry of Finance is responsible for compiling the submitted proposals and submission to members of SECC. The Shadow Economy Combatting Council approves the Shadow Economy Mitigation Action Plan 2016-2020 until August with specific tasks for ministries and social partners and decide on the further actions. During the preparation of the 2016

State Budget shadow economy mitigation measures planned for implementation from 2016-2018 shall be considered as a horizontal priority.

- In addition to the Action Plan, the Ministry of Finance referred to the latest International Monetary Fund (IMF) Country Report 1(5/110, http://www.imf.org/external/pubs/ft/scr/2015/cr15110.pdf) for Latvia published in May 2015. The report points at tightening the labour market and an increase in wages in the country. Increase in wages in the assessment of IMF experts has been influenced by raising the minimum wage threshold and implementing successful tax compliance measures, which in the view of IMF experts have led to more accurate reporting and reduced the under-the-table "envelope wages".

- The State Revenue Service (SRS) provided additional information on measures that have already been taken to combat the shadow economy. The State Revenue Service is working to limit the 3 principal sources of funds for envelope wages: movement of unregistered money (cash), unpaid Income Tax and unpaid VAT. Principal sources of funding of envelope wages include: VAT refund fraud through non-existing deals; fraud related use of cash register, i.e. not using cash register; unjustified lending; unjustified advance payment issuance.

- According to information from the State Revenue Service, SRS as of 2012 has initiated work in a number of areas as part of a program to combat shadow economy: excluding companies from the VAT tax payer register due to initiative of SRS, banning executives to take posts in companies; suspending companies business operations; terminating companies business operation; risk based approach in screening for physical persons and companies evading taxes. Quantitative results of implementation of the program have been provided and show that there are measurable results.

- Since 2011, a four-fold increase in tax revenues has been registered. 2 times increase in individual entrepreneurs who have registered their business and became tax payers. The number of physical persons registered as commercial entities has increased two fold in 2013 in comparison with 2012. The number of legalized employees, who have switched from receiving "envelope wage" salaries to paying taxes have been steadily increasing from 4000 employees in 2011 to 14500 in 2013.

- The State Revenue Service has come up with a number of legislative initiatives, which have been amended to existing legislation during the implementation of

the shadow economy combatting program. Among the most important legislative initiatives proposed by the SRS the following can be considered:

- • Limiting options for lending money for physical persons, stringent regulations for advance payments; established thresholds for lending amount to be notified to the State Revenue Service; advanced payments are treated as employment income and taxed if not settled within 90 days after issuance;
- • There have been new stringent technical requirements established for cash registers and systems. New technical requirements allow State Revenue Service detecting unauthorized interference in cash or system software.
- • Changes in public procurement legislation. Amendments allow exclusion of tenderer from a procurement procedure if the tenderer's worker average monthly income in the first three quarters of the last four quarters period before filing date is less than 80% of the average labour income in a given sector. Furthermore, average income level during the contract effectuation period shall not be lower than the national average income in the recent period.
- • Amendments to crediting institution legislation obliges crediting institutions to notify the State Revenue Service for all physical person deals exceeding 36 000 € in year or every deal that exceeds 3 000 € in cash. State Revenue Service shall be notified for all individual transactions exceeding 20 000 € or cumulative sum exceeding 36 000 € during the year made using credit accounts registered in low-tax or tax-free countries.
- • Crediting institutions are obliged to provide information to the State Revenue Service on physical person cash deposits to bank account, including those made through ATM. The credit institution shall notify the State Revenue Service for physical person deposits made to bank account not less than 8 times per year, for total amount at least 6 000 €. Also, credit and interest payments, exceeding total amount of 3 840 € per year shall be notified.
- • Amendments to Criminal Code. In order to increase the efficiency of problem solving in relation to criminal offenses connected to "enveloped wages" the threshold for damages was reduced from 50 minimum wages to 5 minimum wages.
- • Amendments to Administrative Penalty Code. As of 2014 employees hold the administrative liability for receiving "envelope" salaries, i.e. are working

without an employment contract and evading Personal Income Tax and Social Security Tax.

- The State Revenue Service has initiated a discussion for a number of new additional legislative initiatives to combat the shadow economy and "envelope wages" in particular. Among others it is proposed to begin a discussion on the following issues:
- • to evaluate the option to levy penalties to taxpayers - physical persons who have registered commercial activity after the State Revenue Service reminder for obligation to register the economic activity;
- • to evaluate the option to declare annual property status separately for set the types of information – types of property;
- • to evaluate the option of applying new terminated tax levies with an aim to stimulate creation of new jobs and increasing salaries;
- • review the base for personal income tax and the different application modes in order to optimize the current tax system, which allows for tax optimization capabilities.
- Summary of the results of additional stakeholder consultations and implications to the risk assessment for indicator 1.4.1. There is no data available on the scale of shadow economy in the forestry sector. The government has launched a nation-wide, cross-sectoral program focusing on minimization of the share of shadow economy with aim of reaching average level of EU by 2020. The State Revenue Service had been implementing the measures to reduce the share of shadow economy scale since 2012. The State Revenue Service had initiated a number of amendments to legislation, which have proven effective results reflected in the statistics of results of the State Revenue Service.
- Given the aforementioned, the positive trend in tackling the shadow economy issue in general and practical steps taken towards reducing the "envelope wage" problem by the responsible institutions – Ministry of Economy, Ministry of Finance and subordinated implementing agencies has to be acknowledged. The results of State Revenue Service in tackling the shadow economy, "envelope wages" in particular show progress. On the other hand the overall scale of the shadow economy in the country and the "envelope wage" issue is highly relevant. Latvia is in the worst situation compared to neighbouring countries,

	Estonia and Lithuania. There is no direct link to the forestry sector, though as no detailed information on the "envelope wage" problem scale is available for forestry sector. The authors of the study on the shadow economy and the State Revenue Service consider following priority sectors of economy, characterized with highest share of shadow economy: construction, retail, wholesale, Public transport and services sector. Forestry sector is not considered among the riskiest sectors. • Given latest developments towards combating the shadow economy by the government, lack of data of contribution of the forestry sector to the shadow economy, positive trends in results of combating shadow economy by enforcing institutions as well as arguments proposed by stakeholders it is proposed to categorize the risk level for this indicator to "low risk". •
Means of Verification	Records of payments and correspondence with revenue authorities show payments are correct Inqury to Customs Board (Muitas pārvalde) Online registers: • Online VAT Payers Register http://www6.vid.gov.lv/VID_PDB/PVN • Tax debt online register: The State Revenue Service: http://www6.vid.gov.lv/VID_PDB/NPAR • Lursoft register of commercial entities (http://www.lursoft.lv)
Evidence Reviewed	Laws: Law On Taxes and Fees (02.02.1995) Law On Value Added Tax (29.11.2012) Law On Corporate Income Tax (09.02.1995) Law On Personal Income Tax (11.05.1993) Normative acts: Cabinet Regulation No. 981 "Regulations On Declaration of Taxation Period for Income

	Tax and Calculation of Advance Payment" (20.12.2011) Cabinet Regulation No. 556 "Application of Norms of Law On Corporate Income Tax" (04.07.2006) Cabinet Regulation No. 568 "Regulation On Personal Income Tax Declaration and Order of Filling the Declaration" (21.08.2012) Cabinet Regulation No. 899 "Application of Norms of Law On Personal Income Tax" (21.09.2010, amendments 30.08.2013) Cabinet Regulation No. 677 "Regulation On Declaration of Personal Income Tax" (25.08.2008, amendments 06.12.2011) Cabinet Regulation No. 573 "Procedure for Transfer of Personal Income Taxes, Overdue Payments and Penalties into the State Budget" (29.06.2004) Cabinet Regulation No.17 "Application of Requirements of Law On Value Added Tax and Specific Requirements for Payment and Administering of Value Added Tax" (03.01.2013) Cabinet Regulation No.40 "Regulations on Declaring of the Value Added Tax" (15.01.2013) Cabinet Regulation No.237 "On Declaration of Transactions in Cash" (10.04.2007) Cabinet Regulation No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" (30.04.2001) Cabinet Regulation No. 149 "Procedures for Crediting the State Budget Current Payable Taxes and Overdue Tax Payments" (18.04.2000) Cabinet Regulation No. 103 "Procedure for Transfer of Taxes, Stamp Duties and Other Compulsory Payments to the State Budget" (18.04.1995) Cabinet Regulation No.109 "Regulation On State Fee for Issuing the Game License, Seasonal Card, Game license for Foreign Citizens and Permits for Exporting of Game Trophies and the order of Exporting of Game Trophies" (02.03.2004) Tools, additional sources of information:

	Statement from the State Revenue Service for the payment of taxes Online VAT Payers Register http://www6.vid.gov.lv/VID_PDB/PVN Tax debt online register: The State Revenue Service: http://www6.vid.gov.lv/VID_PDB/NPAR Lursoft register of commercial entities (http://www.lursoft.lv) Reports Shadow Economy Index for the Baltic countries 2009–2013, The Centre for Sustainable Business at Stockholm School of Economics Riga (http://www.sseriga.edu/en/centres/csb/shadow-economy-index-for-baltics) Meža nozares pārskats (NACE 2. Redakcijas kodi 02 un 16) (Review of forestry and wood processing sector), Valsts Ieņēmumu dienests (State Revenue Service), 2013
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	- Sales documents shall include applicable sales taxes; - Receipts for payment sales taxes shall exist; - Volumes, species and qualities given in sales and transport documents shall match the fees paid; - Sales prices shall be in line with market prices; - Harvested species, volume and qualities shall match the sales documents; - Authorities shall confirm that operations are up-to-date in payment of applicable sales taxes; - Consultation with financial authority to verify that all required income and profit taxes have been paid; - available tools shall be used to verify the information on tax payments

	Indicator
1.5.1	Feedstock is supplied in compliance with the requirements of CITES.
Finding	• The Republic of Latvia has signed and ratified the Convention on International Trade in Endangered Species of Wild Fauna and Flora (The Washington Convention. 1973). In addition to the CITES convention, trade in endangered species of wild fauna and flora is regulated by a number of EU directives that extend the scope of species within the European Union. • The rules for trade in wild animals regulating bringing into and taking out of the Republic of Latvia animals, parts thereof or articles made of them are prepared following the requirements of the CITES, provisions of Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein and Commission Regulation (EC) No 1808/2001 of 30 August 2001 laying down detailed rules concerning the implementation of the protection of species of wild fauna and flora by regulating trade therein. The procedure set by the above-mentioned regulations is to be followed and the licenses, certificates and other documents as specified in these Regulations are required on bringing in (taking out) animals and plants, parts thereof or articles made of them. • The Nature Protection Board and the Customs are institutions responsible for implementation of CITES Convention requirements. Both institutions check import and export of endangered species under the CITES convention including timber product from protected species. CITES permit is required only when crossing the external borders of the European Union. A Special certificate is required when transporting particularly endangered species among the EU countries, in addition to legal origin certificate. These certificates, as well as a CITES permits are issued by the Nature Protection Board. • An individual license issued by the Ministry of Environment of the Republic of Latvia must be presented for each consignment of animals and plants, parts thereof or articles made of them. On bringing of animals and plants, parts thereof and products made of them into/from Latvia to the third countries, the accomplishment of customs formalities is allowed only upon presenting the required licenses. Based on an annual report from Nature

	Protection Board of the Republic of Latvia in 2012, 10 persons were convicted for illegal importing and sales of CITES animals and plants, however, there is no information if these were related to animal or plant species. • The risk can be considered as low for this indicator.
Means of Verification	• List of species purchased by BP; • Records of field inspections; • Assessment of risk that CITES species may be mixed with non-CITES species, in the supply chain; • Interviews demonstrate that the CITES requirements are understood; • CITES species are known and identified; • Where relevant, the operation possesses permits for harvest and trade in any CITES species.
Evidence Reviewed	Laws: • Law "On 1973 Washington Convention On International Trade in Endangered Species of Wild Fauna and Flora" (17.12.1996) Normative Acts: • Cabinet Regulation No.133 "Procedure for International Trade with Endangered Wild Animal and Plant Species" (06.04.1999); • Cabinet Regulation No. 1139 "Procedures On Storage, Registration, Keeping in Captivity, Labelling, Trade and Issuing of Certificates for Wild Species Endangered by the International Trade" (06.10.2009); • Cabinet Regulations No. 1019 "Regulations governing permissions and certificate issuing state fees, fee payment arrangements and incentives for the 1973 Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora" (19.12.2006)

	Reports • Public reports (2010-2013), Nature Protection Board (Dabas aizsardzības pārvalde)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
1.6.1	Feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	There are no indigenous people in Latvia since Latvians are native people in their homeland. There are no communities whose livelihood depends on forest resources. Also, there are no groups of individuals having customary rights to forest harvesting activities. The Civil Code of the Republic of Latvia and Law on Forest defines principal legal framework for customary rights. Generally, the public has the rights to use forest non-timber resources. Customary rights to use non-timber forest products in nature conservation areas are regulated by special regulations allowing or prohibiting local communities to collect berries and mushrooms as well as fishing/hunting activities in particular area.
Means of Verification	Traditional and civil rights are identified; Procedures are in place to ensure rights are not violated.
Evidence Reviewed	• Constitution of the Republic of Latvia (Satversme), "Latvijas Vēstnesis", 43, 01.07.1993., "Ziņotājs", 6, 31.03.1994. • Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000., "Ziņotājs", 8, 20.04.2000.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation	

Measure	

	Indicator
2.1.1	Forests and other areas with high conservation values in the Supply Base are identified and mapped.
Finding	• Forests in Latvia have not been examined fully for high conservation values (HCV), although major areas with high concentration of high conservation values have been identified and are covered by the network of protected nature areas with different protection regimes. There are plans in coming years to carry out full EU protected habitat inventory, including Woodland Key Habitats in the country. Active survey and identification of Woodland key habitats and EU protected habitats has taken place in state managed forests, but there is not enough information on high conservation value forest (HCVF) localization and major gaps in knowledge on HCV exist in private owned, municipality and other forests. Information about the geographical distribution of nature conservation areas is sufficient and there are no major gaps in the knowledge on important nature conservation areas. Most important forest areas are designated as protected areas at national or EU level. FSC certified forest management companies follow the requirements of Principle 9. For the current assessment HCV are identified as follows: • **High Conservation Value Forests, category 1** – species listed in the EU Habitat and EU Bird directive annexes are mapped and protected on national level through environmental protection and legislation. The current level of information on biodiversity is sufficient to identify most places where large concentrations of protected species are located. Major sites of location of protected species are known, protected territories established and known. • There are 682 specially protected nature territories established in Latvia. The total area of protected nature territories constitutes 11.5% of total country area. • In 2004 when Latvia joined the European Union, network of protected areas of the EU importance Natura 2000 sites was designated in Latvia. As a basis for Natura 2000 network the existing national system of specially protected territories was used and amended. With introduction of Natura 2000 network, the total number of national specially protected territories increased from 576

(as of 2003) to 674 (as of 2009), 333 sites out of them having been designated or classified as Natura 2000 sites. (5th National Report to the Convention of Biological Diversity, Latvia 2014)

- Natura 2000 sites in Latvia are designated for protection of 127 species and 60 types of habitats represented in Latvia and enlisted in the annexes of the Birds and Habitats directives. In particular, 22 plant species (genera), 34 invertebrates, 29 mammals, 14 amphibian and reptile, 13 fish species, and 58 habitat types included in the Habitats Directive's Annex II and 93 bird species included in the Birds Directive's Annex I are protected in the country within the Natura 2000 network. The Natura 2000 network in Latvia contributes to the conservation of five EU priority species and 19 EU priority habitat types as well as a number of other threatened, nationally protected species and habitats. (5th National Report to the Convention of Biological Diversity, Latvia 2014)

- Micro-reserves are established in areas outside specially protected nature territories for protection of rare and endangered species and habitats. During the time period from 2001-2013, 2140 microreserves have been established covering 39 400 ha in total.

- 236 animal species, 426 plant and 62 fungi species are included in the list of specially protected species. 22 animal and plant species are included in the list of specially protected species with exploitation limits. In overall 2.7% from known species are included in the list of specially protected species. There are 86 protected habitat types in Latvia, 60 of them being of the EU importance (EU habitats).

- Natura 2000 sites comprise 335.4 thousand ha of forests (11.3% of total forest area). In total various types of protected forests occupy 513.3 thousand ha or 17.5% of the total forest area. 17-84% of protected species are related to forests in every group of organisms on which information is available. There are 11 types of protected forest habitats in Latvia. (State Forest Service, Public report of 2015).

- In Natura 2000 sites in Latvia, forests cover the largest proportion of territories and form the largest proportion of the habitat types included in the Habitats Directive's Annex I. These include priority habitats, such as Western taiga (9010*), Fennoscandian natural old broad-leaved forests (9020*), Fennoscandian deciduous swamp forests (9080*), Tilio-Acerion forests on slopes, screes and ravines (9180*), Bog woodlands (91D0*), and Alluvial forests with *Alnus*

glutinosa and *Fraxinus excelsior* (*Alno-Padion, Alnion incanae, Salicion albae*) (91E0*). These forest habitats promote existence of large variety of biodiversity components including many rare, threatened species.

- Several Natura 2000 sites in Latvia are essential for the conservation of threatened bird species that are almost extinct in many EU countries, with still large, though shrinking populations. Thus, Latvian bird populations serve as donor populations for other parts of Europe. For example, about 5 % of the world and 8 % of the European population of black stork (*Ciconia nigra*) as well as 20 % of the world and 24 % of European population of lesser spotted eagle (*Aquila pomarina*) occur in Latvia. The corncrake (*Crex crex*) population in Latvia comprises 25 % of the European populations. Populations of mentioned species are noteworthy at the EU level. (5th National Report to the Convention of Biological Diversity, Latvia 2014)

- There is a legal requirement to provide the information on the source of timber in transport and procurement documents, i.e. the number of the Felling Permit has to be provided in waybills and procurement documents in addition to information on loading place of the timber. There is general practice for timber processing companies, particularly those certified in accordance with FSC Controlled Wood standards to require a copy of the felling permit with the load. Reference to felling permit number, location of felling area – plot provided in the felling permit allows to check if the timber is not sourced from sites with high biodiversity conservation values, protected species habitants. Checking if the timber does not originate from conservation areas can be done, for instance, via the online database "Ozols" maintained by the Nature Protection Board (Dabas aizsardzības pārvalde) (http://ozols.daba.gov.lv/pub/Life/). Registered users can access detailed information on the place of forest origin down to sub-compartment level. Information from the Nature Protection Board indicates that currently there are no provisions to provide access to the database for this purpose, though.

- Considering the facts above the risk for mapping of HCVF category 1 is designated as low.

- **High Conservation Value Forests, category 2** – include high conservation value large woodland territories: UNESCO world heritage sites, Ramsar sites, forests in strict nature reserves, biosphere reserves, reserves of national or regional parks. Historical land use and forestry practices resulted that majority of present forests

in Latvia are semi-natural ecosystems with small insertions of close to natural forests stands. No landscape-scale semi-natural forests with viable populations of most naturally occurring species exist in the country, with exception of coastal forests along Baltic Sea and Riga Gulf coastline, which can be considered corresponding to FSC HCVF category 2. Surveys show that in last centuries all Latvian forests were under various management activities varying from extensive to very intensive forestry with substantial land use change. First forestry practices were suspended in wetland forest stands situated around big bogs due to the establishment of strict nature reserves of big wetlands. In the 1970s, forestry practices were suspended in other valuable forests on account of creation of nature reserves. Five Ramsar convention areas are designated in Latvia. Other important areas for biodiversity of large areas include valuable forests in national parks, landscape protection areas and biosphere reserve. All of them are managed under nature management plans that contain provisions related to forest management. A majority of the important landscape level ecosystems are designated as nature conservation areas at national level. The risk for this category is considered low due to the strong legal framework and existing network of nature protected territories.

- **High Conservation Value Forests, category 3** – include Natura 2000 sites, EU protected habitats, Woodland key habitats.

- Natura 2000 sites comprise 11.3% of total forest area. In total various types of protected forests take up 0.51 million ha or 17.5% of the total forest area. 17-84% of protected species are related to forests in every group of organisms on which information is available. There are 11 types of protected forest habitats in Latvia.

  There are no virgin forests in Latvia, remaining relatively small areas of old-growth forests are under strict protection, included in the strict reserves or strict reserve zones of nature protection territories. Representative samples of natural forest habitats and valuable ecosystems have been surveyed in state forests, identified and protected under Habitats directive (Council Directive 92/43/EEC on the Conservation of natural habitats and of wild fauna and flora) and designated as Natura 2000 sites. Natura 2000 sites overlap with national protected areas and are protected on national as well as international level. Semi-natural forest parcels with high biodiversity are identified as Woodland key habitats (WKH) and EU protected habitats. Aggregations of WKHs and EU protected habitats are designated in protected territories – nature reserves,

national parks, landscape protection areas, biosphere reserve in national level or as Natura 2000 sites in EU level. However, there are areas of WKHs and EU protected habitats that are outside protected areas, particularly in private owned forests. According to current regulation forests areas within territory of Natura 2000 sites should be managed by both forest management and (or) nature management plans. At the moment, not all Natura 2000 sites have nature management plans. Therefore, the majority are managed only by general nature protection legislation or subsequently - forest management plans. Many WKHs and EU protected habitats have certain levels of protection either by falling inside Natura 2000 territory, or are voluntarily protected by certified forest managers. However, significant areas of WHK, particularly those located in private forests do not have any protection status and there is a high risk of elimination of WKHs and EU protected habitats in privately owned forests. Given the above considerations the risk level for this subcategory is considered to be specified risk for non-certified forests.

- **High Conservation Value Forests, category 4** – ecosystem protection forests and protection forests, i.e. forest areas important for securing basic environmental functions. National legislation contains provisions for protecting forests that are vital in protection of water resources e.g. the coastal protection zone along the Baltic Sea and the Gulf of Riga, protection belts along rivers and lakes, in protection zones around mires, protection belts around urban areas. Special regulations of forest management apply by limiting felling techniques to provide critical ecosystem services such as soil, air, water and man's living environment protection. Implementation of the forest law is provided through forest management plans, which are obligatory for all forest owners. The risk for this category is considered low due to the strong legal framework aimed at protection of ecosystem services through protection belt legislation.

- **High Conservation Value Forests, category 5.** There are no indigenous people in Latvia since Latvians are native people in their homeland. Main necessities of local communities are related to recreation and mushroom and berries picking. These activities are important for many people for leisure or perquisite income. The right to free access to the state and municipal forests are guaranteed in the Constitution of Republic of Latvia (Satversme), The Civil Code of the Republic of Latvia, the Forests Law and other legal acts. With a few exceptions, all forests are available for berries and mushroom picking. Exceptions include strict nature reserves only. The right to free access to the state and municipal forests are

	guaranteed in the Constitution of Republic of Latvia and the Forests Law. The Constitution and Law on Forests allows forest owners to restrict access to the forest, and the Law on Forests outlines cases when access to forest can be restricted. Forest management does not play a significant role in relation to community necessities, because the Latvian forest cover half of the territory and various succession stage forests are present in the landscape, therefore no risk related to this sub-category exists. • **High Conservation Value Forests, category 6.** Forest and parks in or around objects of cultural heritage, for instance, manor parks, urban forests, forests of the important historical sites. According to the public pool in Latvia, forests for the public are more important for recreation than for timber resources. There are numerous cultural areas associated with trees and forests. Some forests of cultural importance are inside cities, manor parks, urban forests and forests of the important historical sites. Cultural forests are owned by both the state and private owners. Such places are managed according to various different regulations and management plans. Historical places are managed under supervision of Cultural Heritage Inspection, urban forests and parks are managed by municipalities/local governments. A working database of cultural heritage value exists and all identified objects of cultural heritage are preserved through implementation of the Law on Protection of Immovable Cultural Properties. About 150 objects of Cultural heritage – manors and manor parks, forests are protected by the Law on Protection of Immovable Cultural Properties. However, there are numerous old manor parks, dendrology plantations and pathways that have been established at manors and establishments associated with Baltic German culture, but many of them has been abandoned over the course of time and converted to forests. There is no information compiled on the cultural heritage of such forests and the actual cultural heritage status is not fully acknowledged. • Considering the information above this sub-category is considered as low risk.
Means of Verification	Natural data management system “Ozols” (http://ozols.daba.gov.lv/pub/Life/);The “Woodland key habitat instrument” (http://latbio.lv/MBI/) Maps;Interviews;Regional, publicly available data from a credible third party; • reports and maps of environmental NGOs

Evidence Reviewed	• Environmental Policy Strategy 2009–2015 (Ministry of Environment of the Republic of Latvia, 2009); • National Development Plan of Latvia for 2014–2020; • National Program on Biodiversity Conservation (Ministry of Environment of the Republic of Latvia); • The National Forestry Policy (Ministry of Agriculture, 1998); • Forest and Related Sectors Development Guidelines (Ministry of Agriculture, 2006); • Environmental Protection Law, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. • Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Law on Specially Protected Nature Territories, "Latvijas Vēstnesis", 5 , 25.03.1993., "Ziņotājs", 12, 01.04.1993. • Law on the Conservation of Species and Biotopes, "Latvijas Vēstnesis", 121/122 (2032/2033), 05.04.2000., "Ziņotājs", 9, 04.05.2000. • Law on Compensation for Restrictions on Economic Activities in Protected Areas (04.04.2013) • Law on International Plant Protection Convention (05.06.2003) • Law on Rio de Janeiro Convention on Biological Diversity (31.08.1995, amendments 08.09.1995) • Law on Convention for the Conservation of European Wildlife and Natural Habitats, Bern, 1979 (17.12.1996, amendments 03.01.1997) • Law on Convention for the Protection of the World Cultural and Natural Heritage, Paris, 1972 (17.02.1997, amendments 26.02.1997) • Law on International Plant Protection Convention (05.06.2003)

	Reports: 5th National Report to the Convention on Biological Diversity Latvia, 2014, Ministry of Environmental Protection and Regional Development of the Republic of Latvia; National Programme on Biological Diversity. The Ministry of the Environment, 2000 http://www.varam.gov.lv/eng/dokumenti/politikas_planosanas_dokumenti/ Latvian Biodiversity Clearing-House Mechanism: http://biodiv.lvgma.gov.lv/convention/CHM ; European Union Protected habitats in Latvia. Interpretation manual 2nd revised edition, 2013. www.daba.gov.lv/upload/File/Publikacijas/ROKASGR_biotopi_EN.pdf ; Auniņš A., Population trends of Latvian breeding birds (2005 – 2012). 2013. http://www.daba.gov.lv/upload/File/Prezentacijas/MONIT_130118_Putni_dienas.pdf ; Strazds M. 2009. Black stork - a bird of the year 2008. Birds in Nature 2009/1, pp 6-9; Nesting results of Lesser spotted eagles, Latvian State Institute of Agrarian Economics, Rural Development Plan 2007 – 2013, 2012. http://www.lvaei.lv/upload/Petijums%20_par_Mazo%20ergli_.pdf • Latvian Forest Policy, 1998. https://www.zm.gov.lv/mezi/statiskas-lapas/nozaresstrategijas-politikas-dokumenti/latvijas-meza-politika?nid=328#jump
Risk Rating	☐ **Low Risk** ☒ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	Specified risks in non-certified forest areas, which are primarily privately owned forest areas. The specified risk is assigned for this indicator in relation to protection of Woodland Key Habitats in private forests against negative impacts of forestry activities. The proposed controlled measures include an option to use any available information resources to check if the input material is not originating from WKH area using following algorithm:

	1. Can the products be traced back to the logging site in forest? 1.1 If yes, go to 2. 1.2 If no, the products cannot be sourced. 2. Has the supplier - signed agreement and committed not to supply wood from HCVF areas? 2.1 If yes, go to 3 2.2 If no, go to 4 3. Has the supplier provided additional information such as forest inventory data, survey data or expert opinion proving that feedstock is not originating from mature or over mature forest stands having potential HCVF values? 3.1 If yes: the products can be sourced. 3.2 If no: the feedstock cannot be sourced. 4. Does the logging company agree to sign agreement and committed not to supply wood from HCVF? 4.1 If yes, go to 3. 4.2 If no, the products cannot be sourced.

	Indicator
2.1.2	Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.
Finding	• The management of established protected areas is regulated by the Law on Protected Areas. The regulation states that the main legal acts, which regulate the protection and management regime of protected areas, are: Law on Protected Areas, Regulations of individual protected area, the planning documents of individual protected area and the individual regulation of protected objects. The management of Latvian forests according to the Law on Forests is based on the forest management plan, which includes a special section on nature protection measures where the

protected species, habitats and other environmental protection values or objects are listed, marked on the maps with prescribed and detailed protection measures. Forest management plans for private forest shall have the special part related to forest protection and implementation of requirements for environmental protection.

- The Law on Forests and subordinated normative regulations regulates harvesting is allowed depending on the management and protection regime assigned. Special regulations for forest management apply to forests by raising cutting age and limiting felling techniques to provide critical ecosystem services such as soil, air, water and man's living environment protection. The forestry operations shall be planned and implemented following requirements set up in the Regulations on tree harvesting in forest land. There are requirements for protection of nesting places of rare and endangered bird species as well as detailed requirement to leave trees and dead wood for biodiversity protection in logging sites.

- **High Conservation Value Forests, category 1**

- With regard to identification and protection of conservation values there is an expert concern about nesting areas of a number of species included in the Bird's Directive Annex I which are not identified and registered in the forest register databases and thus "de facto" are not protected outside protected territories with special protection regimes.

- Of 28 forest bird species that are included in the list of endangered species for whom special protection measures needs to be envisaged, no protection measures are envisaged for 3 endangered bird species. In total, 21% of forest bird species are considered endangered. 7 forest bird species does not have protection status in the nature protection legislation and 2 endangered species are not on the list of bird species for whom the special protection measures (establishing protected territories - microreserves) shall be envisaged.

- Furthermore, experts point on deteriorating situation with populations of two significant endangered species – black stork (*Ciconia nigra*) and lesser spotted eagle (*Aquila pomarina*). Forests of Latvia are very significant nesting area for about 5% of the world and 8% of the European population of black stork. The Latvian population of lesser spotted eagle

accounts for about 24 % of the European population. The population of black stork according to studies in Latvia has decreased for approximately 45% from the initial population studies in the beginning of 90ties. Intensive forest management and deficiency of feeding sites are the main factors causing decrease of population of black stork. Nesting areas of black stork are protected within specially protected territories and micro-reserves, however currently only 28% from all nesting areas are under legal protection.There is negative trend in overall development of population of lesser spotted eagle as well. The most important reason according to studies to that is intensive forest management particularly in private (non-certified) forests leading to loss of old forest stands suitable for nesting.

- There are reports on poor status of conservation status of protected nature territories. The conservation status of species and habitats in the EU Habitats Directive is periodically evaluated. The results of the last evaluation (year 2013) show that only 11% of habitats and 27% of species (other than birds) of the EU importance are in favourable conservation status in Latvia. (EEA-European Topic Centre on Biological Diversity, 2013). Given the above mention information the risk for this sub-category is designated as “specified risk”.

- **High Conservation Value Forests, category 2** – include high conservation value large woodland territories: UNESCO world heritage sites, Ramsar sites, biosphere reserves, reserves of national or regional parks. In addition to those, no landscape-scale semi-natural forests with viable populations of most naturally occurring species exist in the country, with exception of coastal forests along Baltic Sea and Riga Gulf coastline, which can be considered corresponding to FSC HCVF category 2. Other important areas for biodiversity of large areas include valuable forests in national parks, landscape protection areas and biosphere reserve.

- Mentioned High Conservation Value Forests are managed under national nature protection legislation and nature management plans that contain provisions related to forest management. A majority of the important landscape level ecosystems are designated as nature conservation areas at national level. The risk for this category is considered low due to the strong legal nature protection framework and existing network of nature protected territories. Given the above mention information the risk for

this sub-category is designated as low risk.

- **High Conservation Value Forests, category 3**.

- According to current regulation forests areas belonging to Natura 2000 sites should be managed by both forest management and (or) nature management plans. Currently, not all Natura 2000 sites have nature management plans. Therefore some parts are managed according to general requirements for protection of nature conservation areas and forest management plans. Problematic areas in relation to threats to forests and other areas with high conservation values is nature values in woodland key habitats (WKH) and/or EU protected forest habitats. Some parts of WKHs have a certain level of protection, because they fall inside Natura 2000 site, or by being voluntarily protected by forest managers that have implemented forest certification schemes. However, WKHs and EU protected forest habitats located in private forests do not have any protection status. There is no detailed information on WKHs and EU protected habitats in private forests that represent half of the forests in Latvia, because no full inventory has taken place. Forest habitats listed in EU Habitats Directive and woodland key habitats accounts to 7% and 3% of forest area in expert estimate. In expert opinion (Latvian Fund for Nature), at least 70% EU protected habitats and up to 35% woodland key habitats, totalling to more than 200 thousand hectares have not been mapped and are under threat of elimination. Furthermore, it is estimated that 70% of EU forest habitats are located outside the Natura 2000 territories. 57% of known woodland key habitats do not have any protection status in the State Forest Service Forest Register and forest management plans. (Larmanis, 2009)

- Requirements to protect Woodland Key Habitats and/or EU protected forest habitats are not envisaged by current forestry and environmental legislation. In fact, forest owners/managers and logging companies lack knowledge and awareness on identification and protection of WKHs and EU protected habitats. Therefore, there is high risk that woodland key habitats and EU protected habitats are destroyed or damaged during harvesting operations in private forests. Given the above mention information the risk for this sub-category is designated as specified risk.

- **High Conservation Value Forests, category 4** – ecosystem protection

forests and protection forests, i.e. forest areas important for securing basic environmental functions. National legislation contains provisions for protecting forests that are vital in protection of water resources e.g. the coastal protection zone along the Baltic Sea and the Gulf of Riga, protection belts along rivers and lakes, in protection zones around mires, protection belts around urban areas. Special regulations of forest management apply by limiting felling techniques to provide critical ecosystem services such as soil, air, water and man's living environment protection. Implementation of the forest law is provided through forest management plans, which are obligatory for all forest owners. The risk for this category is considered low due to the strong legal framework and implementation of legislation aimed at protection of ecosystem services through protection belt legislation. Given the above mention information the risk for this sub-category is designated as low risk.

- **High Conservation Value Forests, category 5.** Main necessities of local communities are related to recreation and mushroom and berries picking. These activities are important for many people for leisure or perquisite income. The right to free access to the state and municipal forests are guaranteed in the Constitution of Republic of Latvia (Satversme), The Civil Code of the Republic of Latvia, the Forests Law and other legal acts. The right to free access to the state and municipal forests are guaranteed in the Constitution of Republic of Latvia and the Law on Forests. The Constitution and Law on Forests allows forest owners to restrict access to the forest, and the Law on Forests outlines cases when access to forest can be restricted. There is no information on large scale issues related to access of local communities to forest resources and use of these resources, therefore the risk level to this sub-category is designated as “low risk”.

- **High Conservation Value Forests, category 6.**

- Recognized objects of Cultural Heritage - Cultural monuments (cultural and historical heritage sites) are under supervision of State Inspection for Heritage Protection under the Ministry of Culture. A database on cultural heritage objects of national significance exists and these HCV 6 values are preserved by the law on Protection of Cultural Heritage. Forest areas with restrictions and limitations related to preservation of cultural monuments are also registered in the State Register of Forests (managed by the State

Forest Service within existing forestry legal framework).

- Objects of cultural heritage related to the scope of the SBP risk assessment study include old manor parks, dendrology plantations and alleys attributed to the Latvian and German Baltic culture of 19th century.

- There are numerous manor parks, dendrological plantations. Some of old manor parks and dendrological plantations have been abandoned and subsumed by forests that could be potentially considered sites of national or local level cultural, archaeological or historical significance, particularly in private forest areas. Those can occur in forest lands, overgrown agriculture lands that may or may not have forest land status, also in agriculture and other land use types. These heritage forests/stands are composed of local deciduous tree species as well as other non-local (exotic) deciduous tree species in occasions. Mentioned forest stands and dendrological planted pathways/alleys are usually more than 100-150 years old, attributed to Baltic German manor culture. There is however limited information available on the values of cultural heritage on such areas/sites and thus the status of these potential cultural and historically valuable sites may be unknown.

- Alleys and dendrological pathways are considered unique element of the rural landscape in the country. There is legal framework established for protection of alleys that are considered protected and included in the list of protected alleys. The protection status is not considered sufficient though. According to the information from Dendrology society, of 300 alleys inventoried and recognized as unique at national level in early 2000s, only 60 are included in the list of protected alleys and protected at national level.

- The protection status of alleys not included in the list of protected allays in non-forest lands is insufficient according to evaluation of in-house experts. Current legislation gives power of decision to self-governments whose approval is needed to approve cutting of trees outside forest lands, which is the case of alleys. In many cases local municipalities have issued cutting permits to remove alleys along the roads which has raised protests from local communities. This is the case also for private forest owner who need to get approval from the local municipalities to cut trees in non-forest land.

	• Mass media are regularly reporting on cases of cutting of alleys and protests of local inhabitants and local communities. There are at least 20 known highly resonated cases of cutting of road alleys that are important to local communities and even at national level during the last decade. The most prominent and scandalous cases can be mentioned cutting of Vīceži ash alley stand (Lībagi parish), ash alley in Nīkrāce, Pāce street linden/lime tree alley in Dundaga, Limbaži-Dūči road alley in Limbaži parish, destruction of oak alley (destruction of more than 50 oak trees characteristic to rural landscape in Vidzeme) in Kaive parish, which have raised protests from local communities. There have been cases of protests of local communities for cutting of alleys in recent years too. • Taking into account the aforementioned information, showing there is a significant risk of damaging and/or destruction of high conservation values under this sub-category, the risk is designated as "specified risk" for noble hardwood tree species with large diameters which are taking place in alleys and old parks., .
Means of Verification	• Guidance provided by BPs to suppliers/forest operators, regarding threats to the identified forests and areas of high conservation values, and verification of conformance through field inspections • Best Management Practice manuals; • Standard Operating Procedures; • Records of BP's field inspections; • Monitoring records; • Interviews with staff, stakeholders; • Natural data management system "Ozols" (http://ozols.daba.gov.lv/pub/Life/), • The "Woodland key habitat instrument" (http://latbio.lv/MBI/); • reports and maps of environmental NGOs
Evidence	• Environmental Policy Strategy 2009–2015 (Ministry of Environment of the

Reviewed	Republic of Latvia, 2009); • National Development Plan of Latvia for 2014–2020; • National Program on Biodiversity Conservation (Ministry of Environment of the Republic of Latvia); • The National Forestry Policy (Ministry of Agriculture, 1998); • Forest and Related Sectors Development Guidelines (Ministry of Agriculture, 2006); • Environmental Protection Law, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. • Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Law on Specially Protected Nature Territories, "Latvijas Vēstnesis", 5 , 25.03.1993., "Ziņotājs", 12, 01.04.1993. • Law on the Conservation of Species and Biotopes, "Latvijas Vēstnesis", 121/122 (2032/2033), 05.04.2000., "Ziņotājs", 9, 04.05.2000. • Law on Compensation for Restrictions on Economic Activities in Protected Areas (04.04.2013) • Law on International Plant Protection Convention (05.06.2003) • Law on Rio de Janeiro Convention on Biological Diversity (31.08.1995, amendments 08.09.1995) • Law on Convention for the Conservation of European Wildlife and Natural Habitats, Bern, 1979 (17.12.1996, amendments 03.01.1997) • Law on Convention for the Protection of the World Cultural and Natural Heritage, Paris, 1972 (17.02.1997, amendments 26.02.1997) • Law on International Plant Protection Convention (05.06.2003) • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012.

	Reports • Cik aizsargāti ir īpaši aizsargājamie meža biotopi Latvijā?, Latvijas Dabas fonds, Viesturs Lārmanis, 2009; • Angelstam, P., Bērmanis, R., Ek, T. & Šica, L. (2005). Bioloģiskās daudzveidības saglabāšana Latvijas mežos. Noslēguma ziņojums. http://www.vmd.gov.lv/doc_upl/Biologiskas_daudzveidiibas_saglabasana.pdf; • Bērmanis, R. (2006). Dabisko meža biotopu apsaimniekošana Latvijā. Baltijas Koks, Nr. 2; • Bērmanis, R. & Ek, T. (2003). Inventory of Woodland Key Habitats in Latvian State Forests. Final Report 1997 - 2002. Rīga: Valsts meža dienests; • Dabisko meža biotopu apsaimniekošana Latvijā. Noslēguma pārskats, 2005, http://www.vmd.gov.lv/doc_upl/3.Projekta_nosleguma_parskats.pdf • Dabisko meža biotopu inventarizācija Latvijas valsts mežos. Noslēguma pārskats, 2002, http://www.vmd.gov.lv/doc_upl/Nosleguma_parskats.pdf • Ek, T., Suško, U. & Auziņš, R. (2002). Mežaudžu atslēgas biotopu inventarizācija. Metodika. Rīga: Valsts Meža dienests.
Risk Rating	☐ **Low Risk** ☒ **Specified Risk** ☐ **Unspecified** **Risk at RA**
Comment or Mitigation Measure	The specified risk is assigned for this indicator in relation to protection of high conservation values such as Woodland Key Habitats, EU protected habitats, forests with social and cultural values and others in non-certified forest areas, which are primarily privately owned forests, against negative impacts of forest activities. The proposed controlled measures include an option for BP to utilize available information resources in order to check if the coming material is not sourced from areas containing high conservation values. See also the control measures in 2.1.1

	Indicator
2.1.3	Feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.
Finding	• According to the Law on Forests, the forest is defined as a tract of land no less than 0.5 ha, covered by trees or other forest vegetation or temporary loss of it (cleared or burned areas). According to Regulations on reforestation and planting plantations it is defined as special purpose of one tree or bush species plantations grown for special purpose. According to the Law on Land, forest land includes land covered with forest (forest stands), non - forested area (clear cutting area, damage forest stands, open forest area, forest nurseries, forest seed orchards, raw bush area and plantations), area comprising of forest roads, forest compartments, technological and fire prevention borders, area of forest yards, recreational yards, game feeding sports and land assigned for afforestation as well as fragments of other land use purpose inside of forests. The conversion of forest land into other categories is strictly regulated by national legislation and is allowed only in clearly defined exceptional cases. The main legal acts dealing with conversion of forest land into other categories are as follows: The Law on Land, The Law on Territory Planning, The Law on Forests, The Regulation Procedures of the Conversion of Forest Land into Other Categories and Compensation for the Conversion of Forest Land into Other Categories. Converting forest land into other categories is prohibited in protected territories such as forest reserves, forests for protection of ecosystems, protection belt forests (Baltic Sea and Riga Bay), forests of protective zones in state parks and other forests categories mentioned in the Law on Forests (for details, please see the source information). • The conversion of forest land into other land use categories is regulated by existing legal territory planning and forestry framework. • The conversion of forest land into other categories is allowed only in few exceptional cases: if deforestation is necessary for the construction, mining, establishing agricultural land; and restoration of specially protected habitat restoration. The conversion may take place if the person initiating conversion has been issued an administrative act, which gives it

	the right for those activities, and the person pays state compensation for adverse effects associated with deforestation. The owner of the land is obliged to pay state compensation for deforested land, if the land use type in National Cadaster Information System is established as forest. The compensation includes fees: 1) for loss of carbon dioxide sequestration potential; 2) for the loss of biodiversity; 3) for degradation of environmental and natural resource protection and sanitary functions. • The State Forest Service periodically controls the application of forestry and territorial planning regulations related to deforestation and compiles statistics. Statistical data shows that there are about 20-30 cases of violation of forestry law regarding deforestation. Violation cases are typically of small magnitude ranging from a few cut trees along the construction site to deforestation in small area and following transformation into building, ponding or other land use types. There is no information on large scale illegal transformation of forest land. Therefore, the risk is considered low. • In addition, performance of state forest enterprise AS LVM and certified private forest owners with regard to forest conversion is evaluated and addressed on a routine basis. During the more than 10year process of FSC certification in state forest enterprise the conversion of forest land was strictly monitored and registered and was allowed only in exceptional cases (conversion of small area for extraction of mineral resources or infrastructure development needs). All these forest conversion cases are known and can be tracked. • The risk can be considered as low for this indicator.
Means of Verification	• Historical maps and consultation with stakeholders. • Regional, publicly available data from a credible third party • The existence of a strong legal framework in the region. • Inquiry to the State Forest Service, municipalities
Evidence Reviewed	Laws: • Territory Development Planning Law (01.12.2011)

	• Law On Forests (24.02.2000) • Agriculture and Rural Development Law (07.04.2004) Normative Acts: • Cabinet of Ministers Regulations No. 402 ""Requirements for documents for planning regional territorial planning documents"" (16.07.2013) • Cabinet of Ministers Regulations No. 240 ""General planning, use and building regulations"" (21.05.2013) • Cabinet of Ministers Regulations No. 711 ""Regulations on municipalities planning documents"" (16.10.2012) • Cabinet Regulation No. 113 ""Terms of deforestation compensation criteria for determining and calculating the reimbursement arrangements"" (18.12.2012); • Cabinet of Ministers Regulations No. 118 ""Procedure for forest land conversion into agricultural land and permit issuing"" (08.03.2013); Reports Forest statistics 2013 (State Forest Service, Ministry of Agriculture)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	Indicator
2.2.1	Feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimize them.
Finding	• The Law on Environmental Impact Assessment of the Proposed Economic

	Activity defines the procedures, responsible institutions and provides the list of specific activities for which the defined environmental impact assessment shall be performed. The separate section of activities related to the forest sector, for which the environmental impact assessment shall be performed, is defined, in case of afforestation or forest cutting with the aim to change the land-use type (if proposed activity exceeds more than 50 ha). The Law on Environmental Monitoring specifies the content, structure, implementation of environmental monitoring, the rights and duties as well as responsibility of the entities participating in the process of environmental monitoring. The main planning document where the assessment of impacts, and subsequent planning, implementation and monitoring are defined for forest owners, is the forest management plan. The Regulations on preparation of forest management schemes and forest management plans defines the procedures for preparation, approval, update, and registration, content and quality review of forest management plans for both – state and private forest owners. Forest management plans include analyses, monitoring results and the description of management impact of previous period. During the preparation process of a new management plan all relevant data shall be collected and together with analyses of previous management cycle shall be fed back into new management plan and consequently into operation practice. In addition, state forest enterprise AS LVM has developed own environmental impact assessment procedures for activities, which could have negative impact to environment, for instance: road reconstruction, drainage, the construction of gas or electricity lines etc. There is the prevailing practice to include in the agreements with contractors the requirement to inform the forest owner about observed potential negative impacts of forest operation to biodiversity and ecosystems and to take preventing measures to avoid or minimize it. In addition, the check up of forest area before cutting is constantly performed by state forest officials in state forests. • Control on how forest operations in felling areas are being or have been implemented according to requirements existing legal and normative acts is carried out. The State Forest Service has the annual control plan. There are environmental NGO's that are periodically undertaking monitoring of several aspects of forest operations impact to environment or carries out different inventories or monitoring projects. The monitoring results in the form of reports, project results, national forest inventory, and statistical

	data are available at responsible institutions, for instance: State Forest Service, Ministry of Agriculture etc. • All FSC/PEFC certified forest enterprises constantly evaluate and address FSC standard indicators related to monitoring (FSC Principle 8) and environmental impact assessment (FSC Principles 6,8,9). • The risk can be considered as low for this indicator.
Means of Verification	• Best Management Practices; • Supply contracts; • Assessment of potential impacts at operational level • Assessment of measures to minimize impacts • Monitoring results • Publicly available information on protecting the values identified • Level of enforcement • publicly available data from state institutions or credible third parties; •
Evidence Reviewed	• Law "On Environmental Protection", "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. • Law "On Environmental Impact Assessment", "Latvijas Vēstnesis", 322/325 (1383/1386), 30.10.1998., "Ziņotājs", 23, 03.12.1998. • Cabinet of Ministers Regulations No. 300 "On Procedure of Environmental Impact Assessment on Special Areas of Conservation included in the Natura 2000 network", "Latvijas Vēstnesis", 64 (4462), 26.04.2011. • Law "On Specially Protected Nature Territories", "Latvijas Vēstnesis", 5 , 25.03.1993., "Ziņotājs", 12, 01.04.1993. • Law "On Environmental Monitoring", "Latvijas Vēstnesis", 322/325 (1383/1386), 30.10.1998., "Ziņotājs", 23, 03.12.1998. • Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000;

	• Cabinet of Ministers Regulations Nr. 97 on Sustainable forest management evaluation procedures ("Latvijas Vēstnesis", 97 (4903), 22.05.2013. • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified** **Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.2	Feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).
Finding	• Special regulations on environment protection in forest management defines the principal requirements for the protection of ecosystem services such as soil, air and water. Environmental protection Regulations on forest felling contains regulations for soil protection, i.e. the forest manager is obliged to maintain forest function of preventing soil erosion. The maintenance of buffer zones along watercourses or open areas as well as some limitation in relation to protection of soil against erosion is foreseen in the Regulations on forest felling. Legislation also contains criteria to assess the soil damage caused by forestry machinery Forest managers shall take into consideration the terrain and soil properties in soil preparation for forest regeneration as well as during timber harvesting and forwarding works. However, no explicit requirements for soil protection (limitations for tree felling on slopes, ravines etc.) are provided in the national forestry legislation. • The management of Latvian forests according to the Law on Forests is based on a forest management plan, which includes the special section on nature protection measures where the protected species, habitats and other environmental protection values or objects are listed, marked on the maps with prescribed and detailed protection measures. The Forest management plan have the special part related to forest protection and implementation of requirements for environmental protection. • In addition, the Forest management plan, the planning documents of individual protected areas, the individual regulation of protected objects or selective areas, defines the requirements and procedures to prevent the soil damage, for instance seasonal limitations to felling etc. Harvesting activities in protected areas shall be agreed with relevant authorities (state or regional park administrations, Nature Protection Board, protected areas authorities etc.). • Environmental requirements applicable to forestry are listed in Forestry and Nature Conservation laws and related normative legal acts. The State Forest Service and Nature Protection Board are institutions responsible for controlling

	of fulfilment of these laws. The main environmental issues reported by controlling institutions are forest soil damage, damage by game, uncontrolled waste dumps. The State Forest Service periodically controls the implementation of legislation targeting protection of natural values, objects and protected areas. Annual reports show that identified violations of environmental protection regulations in forest management comprise a minor share of total cases. Environmental violations comprise 5% of the total number of violations of forestry-related legislation (up to 52 cases per year in the last four years). There is a trend of an increasing number of cases of violation of environmental requirements in the last two years (30 and 52 cases in 2012 and 2013, compared to 9 and 13 cases in 2010 and 2011, respectively). • According to the studies on impact of forestry machinery to forest soils commissioned by the state forest enterprise AS LVM operation of forest forwarding machinery is causing the biggest impact on forest soils. Soil compaction caused by forwarding machinery in forwarding tracks in the plot is estimated to be 3 to 4 times greater than those from intact plot areas. Soil compaction is more influenced by the harvesting season than a type of forestry machinery. No substantial differences in regrowth quality have been observed in technological tracks and intact forest area. Also, no substantial differences have been observed in tree dimensions and species composition. Some species, however, show better growth conditions in forwarding routes/technological tracks. The density of trees is impacted substantially by soil compaction according to the outcomes of the study. • The state forest enterprise AS LVM has developed recommendations (best management practice guidelines) for reducing negative effects on soil quality. • Based on the reports produced by the above-mentioned authorities, no systematic and/or large-scale non-compliance with legally required environmental protection measures to an extent that threatens the forest resources or other environmental values have been identified. The magnitude of environmental issues, soil in particular is considered of limited scale and is not considered a specified risk.
Means of Verification	• Best Management Practice manuals; • Supply contracts;

	• Records of BP's field inspections; • Assessment of measures designed to minimize impacts at an operational level; • Monitoring records; • Interviews with supplier staff, other stakeholders Publicly available information on the protection of soil; • Level of enforcement.
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 "On forest management plan", "Latvijas Vēstnesis", 26 (5085), 06.02.2014. • Cabinet of Ministers Regulations Nr. 936 "Environmental Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 947 "Regulations on Forest Protection Measures and Declaration of Emergency State", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Reports • State Forest Service statistical reports (2010–2013): • "Augsnes apstrāde meža atjaunošanai", AS Latvijas Valsts meži; • "Ieteikumi, kā samazināt smagās mežizstrādes tehnikas ietekmi uz meža augsni", AS Latvijas Valsts meži; • Pārskats par pētījuma (Līgums Nr. L-KC-11-0004) Metodes un tehnoloģijas meža kapitālvērtības palielināšanai virziena Mežsaimniecisko darbību ietekmes uz vidi un bioloģisko daudzveidību izpēte trešā etapa darba uzdevumu izpildi, LVMI "Silava", 2014 (2. Mežsaimniecisko darbību ietekme uz augsnes struktūru un kvalitāti)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**

Comment or Mitigation Measure	

	Indicator
2.2.3	Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
Finding	See indicator 2.1.2
Means of Verification	• Guidance provided by BPs to suppliers/forest operators, regarding threats to the identified forests and areas of high conservation values, and verification of conformance through field inspections • Best Management Practice manuals; • Standard Operating Procedures; • Records of BP's field inspections; • Monitoring records; • Interviews with staff, stakeholders; • Natural data management system "Ozols" (http://ozols.daba.gov.lv/pub/Life/), • The "Woodland key habitat instrument" (http://latbio.lv/MBI/); • reports of environmental NGOs
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Law on Specially Protected Nature Territories, "Latvijas Vēstnesis", 5, 25.03.1993., "Ziņotājs", 12, 01.04.1993. • Law on the Conservation of Species and Biotopes, "Latvijas Vēstnesis", 121/122 (2032/2033), 05.04.2000., "Ziņotājs", 9, 04.05.2000.

	• Law on Compensation for Restrictions on Economic Activities in Protected Areas (04.04.2013) • Law on International Plant Protection Convention (05.06.2003) • Law on Rio de Janeiro Convention on Biological Diversity (31.08.1995, amendments 08.09.1995) • Law on Convention for the Conservation of European Wildlife and Natural Habitats, Bern, 1979 (17.12.1996, amendments 03.01.1997) • Law on Convention for the Protection of the World Cultural and Natural Heritage, Paris, 1972 (17.02.1997, amendments 26.02.1997) • Law on International Plant Protection Convention (05.06.2003) • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.4	Biodiversity is protected (CPET S5b).
Finding	• Depending on the management and protection regime of a particular forest territory harvesting is permitted. The management of established protected areas is regulated by the Law on Protected Areas. Main legal documents that regulate the protection and management regime of protected areas, are Law on Protected Areas, Regulations of individual protected area, the planning documents of individual protected area, and the individual regulation of protected objects or selective areas. The management of forests according to the Law on Forests is based on forest management plan, which includes the provisions for nature protection measures where the protected species, habitats and other environmental protection values or objects are listed, marked on the maps with prescribed and detailed protection measures. • The statistical information on Latvian protected areas, rare and endangered species found in Latvian forests and other relevant data can be found in the website of the State Forest Service and Nature Protection Board. The Regulations on preparation of forest management schemes and forest management plans states that forest management plan for state forests shall include sections related to forest protection against fires, sanitary protection, and biodiversity protection, recreational and social functions of forests. Forest management plans for private forest have parts relating to forest protection and implementation of requirements for environmental protection, having obtained existing data from the environmental institutions and/or managing authorities of protected areas. The forest operations shall be planned and implemented while following the requirements set up in the Regulations on Forest Felling. There are provisions in the mentioned regulations for seasonal harvesting operations, i.e. some final felling and thinning works are not allowed from 1st April until 1st of July. There are requirements for protection of nesting places of rare and endangered bird species as well as detailed requirement to leave trees and dead wood for biodiversity protection in logging sites. The maintenance of buffer zones along watercourses or open areas as well as some limitation in relation to protection of soil against erosion is foreseen. • Forest management plans are prepared for a 20 year period and include analysis

	and a description of the management impact in the previous period. During the preparation process of a new management plan all relevant data shall be collected and together with analyses of previous management cycle be incorporated into the new management plan and consequently into the operation practice. Nature protection data from state institutions are used in preparation of forest management plans. In case the forest property is located within territory with a nature protection status, the forest owner shall consult the managing authority of nature protection territory. • The State Forest Service periodically controls how the application of legal acts targeted to protection of natural values, objects and protected areas are implemented. • Maintenance of forest biological diversity is affected by economic situation in the countryside according to the outcomes of the report (5th National Report to the Convention on Biological Diversity). The report outlines the fact that forest often is seen as the only income for inhabitants of the countryside, which contributes to unsustainable use of forests. Other factors that impact the forest biodiversity negatively are: melioration, construction of forest roads, lack of natural disturbance in particular forest habitats. • The risk can be considered as low for this indicator.
Means of Verification	• Best Management Practice manuals;Supply contracts; • Standard Operating Procedures; • Records of BP's field inspections; • Monitoring records; • Interviews with staff, stakeholders; • Reports of Ministry of Environment and Ministry of Agriculture and subordinated institutions related to biodiversity issues; • Natural data management system "Ozols" (http://ozols.daba.gov.lv/pub/Life/),

	• The "Woodland key habitat instrument" (http://latbio.lv/MBI/); reports and maps of environmental NGOs
Evidence Reviewed	• Environmental Protection Law, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. • Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Law on Specially Protected Nature Territories, "Latvijas Vēstnesis", 5 , 25.03.1993., "Ziņotājs", 12, 01.04.1993. • Law on the Conservation of Species and Biotopes, "Latvijas Vēstnesis", 121/122 (2032/2033), 05.04.2000., "Ziņotājs", 9, 04.05.2000. • Law on Compensation for Restrictions on Economic Activities in Protected Areas (04.04.2013) • Law on International Plant Protection Convention (05.06.2003) • Law on Rio de Janeiro Convention on Biological Diversity (31.08.1995, amendments 08.09.1995) • Law on Convention for the Conservation of European Wildlife and Natural Habitats, Bern, 1979 (17.12.1996, amendments 03.01.1997) • Law on Convention for the Protection of the World Cultural and Natural Heritage, Paris, 1972 (17.02.1997, amendments 26.02.1997) • Law on International Plant Protection Convention (05.06.2003) • Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 "On forest management plan", "Latvijas Vēstnesis", 26 (5085), 06.02.2014.
Risk Rating	**Risk at** ☒ **Low Risk** ☐ **Specified Risk** ☒ **Unspecified**
Comment or Mitigation Measure	

	Indicator
2.2.5	The process of residue removal minimizes harm to ecosystems.
Finding	• The forest operations shall be planned and implemented following the requirements and procedures set in the Regulations on Forest Felling. Regulation of Felling on Forest contains technological requirements for logging site preparation and logging, but no particular requirements for removal of harvesting residues is foreseen in the national legislation at the moment. Harvesting works in protected areas shall be agreed with relevant authorities (state or regional park administrations, protected areas authorities, etc.). Before harvesting the preliminary environmental impact assessment shall be carried out by foresters in state forests and preventive measures selected. • There are no provisions related to extraction of biomass/feedstock to protect ecosystems, for instance limitations for the time and the season for extraction according to forest site type, the use of skidding roads, places to store biomass, ban to burn biomass in forests and extraction from certain forest site types (those growing in poor mineral soils) etc. Similarly, no such provisions are included in state forests managing enterprise AS Latvijas Valsts Meži procedures and best management practice guides. There are no scientific studies or results showing negative impact of biomass – logging residues removal from forests. However, opinion of forest scientists in Latvia is outlined in few reports. • Felling residues should not be removed in certain forest site types such as Sl (*Cladinoso–callunosa*), Ln (*Myrtillosa*) and Mr (*Vacciniosa*), to avoid depletion of soil humus according to authors of study on impacts of forestry machinery on forest soils (Meža apsaimniekošanas tehnikas un tehnoloģiju ietekme uz augsnes īpašībām, Silava 2004). • The report (Biomasas izmantošanas ilgtspējības kritēriju pielietošana un pasākumu izstrāde: Meža biomasas resursu izmantošanas analīze, novērtējot dažādu mežistrādes etapu varbūtējo ietekmi uz bioloģiskos daudzveidību, VSIA Vides projekti, 2009) concludes that more research work on effects of logging

	residue extraction needs to be done to evaluate the potential impacts of thinning works. Until then it is recommended to extract biomass harvested only in areas with very fertile soils, during the winter period, without strain removal. It is also necessary to continue research work in assessing the ecological role of ecological trees in a forest sustainability context in order to determine the good practice for the extraction of biomass from forest stands in Latvian situation. As a part of good practice recommendation, it is suggested that logging residuals are not collected in forest site types with low fertility soils, regardless of the composition of soil and moisture conditions. Economic aspects should favour this due to relatively small amount of logging residues present in stands growing on poor soils and higher costs for feedstock extraction and transport. The authors conclude that the current legislative provisions as well as certification and best practice recommendations does not jeopardize saprophytic and associated species living environment upon removal of feedstock from the forest. • With regard to harvesting residuals, national legislation requires removing felled green unsound spruce wood (dumped, broken trees and a large logging residues (10-50 cm in diameter) from the logging plot to limit spreading of root rot fungus (*Heterobasidion annosum*). • The monitoring data and forest inventory records of the last decade indicates that the total forest coverage has increased, the harvesting rate was lower than the forest increment and the data about structure of forest stands according to forest sites does not show the tendency of increase of poor forest stands. • Given the lack of provisions in the legislation and best practice recommendations, there is a risk that felling residues are extracted for feedstock purpose from all forest site types, including those occurring on poor mineral soils, oligotrophic/oligomezotrophic sites, such as Sl (*Cladino-callunosa*), Mr (*Vacciniosa*), Gs (*Cladinoso–sphagnosa*), Mrs (*Vaccinioso-sphagnosa*), Pv (*Sphagnosa*), Av (*Callunosa mel.*), Am (*Vacciniosa mel.*), Kv (*Callunosa turf. mel.*), Km (*Vacciniosa turf. mel.*) Thus, the risk for this category is proposed to be “specified” for discussion in stakeholder consultation process. • During the stakeholder consultations process it was discussed that the risk level for this indicator shall be considered “low” due to the following information. Forest site types located on poor soils occupy approximately 10% of the total forest area in the country. Half of it (5%) constitutes wet forest site types. In case of wet forest site types, harvesting residues are used for stabilization of

	technological tracks and there is no threat to forest ecosystem from harvesting residue removal. In case of dry forest site types stakeholders pointed out the low amount of harvesting residues in the mentioned forest site type and the low motivation for forest owners to collect harvesting residues as a biomass feedstock. Low motivation is stipulated by high costs of forwarding and economy of operation of mobile chipping equipment. In addition, there are provisions in the national legislation to retain deadwood in the plot, which has to be followed by the forest owner/logger. Stakeholders agree that thinning works do have negative effects, but the share of thinning in total harvesting volume is considered too small (ca 20-25%) to consider the level of risk to be specified. The reason for this is a very small share of thinning on forest site types growing on poor soils with very small density and volume and it is therefore considered that there is a very low incitement for removal of residues. • Although there is no regulatory requirement to limit the extraction of biomass from forest site types on poor soils, stakeholders do not see risks associated with extraction of biomass from forest site types in poor soils. Therefore, the risk level for this indicator has been designated as "low risk".
Means of Verification	• Best Management Practice manuals; • Supply contracts; • Records of BP's field inspections; • Assessment at an operational level of measures designed to minimize impacts on the values identified; • Monitoring records; • Research studies, reports
Evidence Reviewed	Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; Cabinet of Ministers Regulations Nr. 936 "Nature Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 947 "Regulations on Forest Protection Measures and Declaration of Emergency State", "Latvijas Vēstnesis", 203 (4806), 28.12.2012

	Reports: Biomasas izmantošanas ilgtspējības kritēriju pielietošana un pasākumu izstrāde: Meža biomasas resursu izmantošanas analīze, novērtējot dažādu mežistrādes etapu varbūtējo ietekmi uz bioloģiskos daudzveidību, VSIA Vides projekti, 2009 Meža apsaimniekošanas tehnikas un tehnoloģiju ietekme uz augsnes īpašībām, VAS "Latvijas Valsts Meži" līgumdarbs 05-2004-122c, 2004 LVMI Silava Atskaite par pētījuma Metodes un tehnoloģijas meža kapitālvērtības palielināšanai virziena Mežsaimniecisko darbību ietekmes uz vidi un bioloģisko daudzveidību izpēte, LVMI Silava, 2012
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.6	Negative impacts on ground water, surface water, and water downstream from forest management are minimised (CPET S5b).
Finding	• The Law on Protection Belts and the Law on Forests (Nature Protection Regulations) contain requirement for protection of water resources, including surface watercourses in forests. One of the functions of protective forests is to maintain the water protection functions of the forests. The special management regime is set in forest management plans or management documents of protected areas where these forests are located in order to protect water bodies from damage, pollution, etc. The maintenance of buffer zones along watercourses or open areas is foreseen in the Regulations on Forest Felling. Forest felling targeted to maintain biodiversity and to regulate special areas around water courses are defined in the Regulations on Forest Felling. Regulations on evaluation of compliances of tractors, its trailers and other

	machines in agriculture and forestry set the requirements for forest machinery in order to prevent possible damages to environment, including watercourses. In addition, the Regulations on Forest Felling defines requirements for preparation for forest felling, use of skidding roads, use or temporary bridges or mats for stream crossing etc. to protect soil and water streams. • Technological maps require providing information on technological tracks, including information on log stacks, watering course crossings etc. The common practice for forest managers is to inspect the logging site together with the contractor in order to evaluate the harvesting conditions area and discuss and agree on the use of forest felling techniques, taking into account the special conditions of felling areas, including protection of water streams by avoiding to use forest technique around it, to distribute technological tracks etc. • The State Forest Service periodically controls for compliance of legal acts targeted to protection of natural values, objects and protected areas. In addition, the regional offices of Environmental Protection Agency periodically control the management and application of legal requirements for environmental protection. The information on violations are compiled in annual report available at the website of the State Forest Service. Reports of the State Forest Service shows that there is no substantial, systematic and/or large-scale non-compliance with legally required environmental protection measures to an extend that threatens the forest resources or other environmental values. Annual reports show identified violations of environmental protection regulations in forest management comprise a minor share of total cases. Environmental violations comprise 5% of total number of violations of forestry related legislation. There have been up to 52 cases per year in the last four years. However, there has been an increasing trend in cases of violation of environmental requirements in the last two years (30 and 52 cases in 2012, 2013 compared to 9 and 13 cases in 2010 and 2011). Based on the reports produced by the mentioned authorities it is evident that there is no systematic and/or large-scale non-compliance with legally required environmental protection measures to an extend that threatens the forest resources or other environmental values. The magnitude of environmental issues in forestry is considered of limited scale and is not considered as specified risk.
Means of Verification	• Best Management Practice manuals; • Supply contracts;

	• Records of BP's field inspections; • Assessment of measures designed to minimize impacts at an operational level; • Monitoring records; • Interviews with staff, stakeholders; • Publicly available information on the protection of soil; • Level of enforcement; • Inquiries to environment enforcement authorities (State Environment Inspection)
Evidence Reviewed	Law on Environmental Protection, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. Water Management Law, "Latvijas Vēstnesis", 140 (2715), 01.10.2002., "Ziņotājs", 20, 24.10.2002 Law on Protection Belts, "Latvijas Vēstnesis", 56/57 (771/772), 25.02.1997., "Ziņotājs", 6, 27.03.1997. Cabinet of Ministers Regulations Nr. 936 "Nature Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 947 "Regulations on Forest Protection Measures and Declaration of Emergency State", "Latvijas Vēstnesis", 203 (4806), 28.12.2012 Reports Public reports, 2010-2013, State Forest Service Best management practice guides "Ieteikumi, kā samazināt smagās mežizstrādes tehnikas ietekmi uz meža augsni" ("Recommendations on how to reduce the impact of forestry machinery on forest soil"),

	AS Latvijas Valsts Meži; "Augsnes apstrāde meža atjaunošanai" ("Soil preparation in forest regeneration"), AS Latvijas Valsts Meži;
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.7	Air quality is not adversely affected by forest management activities.
Finding	• The Law on Ambient Air Pollution regulates the protection, management and monitoring of ambient air pollution. There is no indication of any damage of influence to air quality of forest operations. There is no information if the forestry activities/operations has impact on air quality. The air quality is influenced by biomass/feedstock users, burning biomass in the power plants, households or other facilities. The monitoring and statistical data on air quality and air quality trends is available at the website of the Latvian Environment, Geology and Meteorology Agency. Regulations of Forest Felling clearly define a ban on burning of biomass in the forests. The requirements for forestry machinery are defined in the Regulations on evaluation of compliances of tractors, its trailers and other machines in agriculture and forestry, which defines the standard for forest machinery in order so it will not cause damage to environment. The Latvian Environment Geology Meteorology Centre (LEGMC) is the institution responsible for ambient air monitoring. The monitoring procedures, functions and observation data and monitoring results are available on the website of LEGMA.
Means of Verification	• Best Management Practice manuals; • Supply contracts;

	• Records of BP's field inspections; • Assessment of measures designed to minimize impacts at an operational level; • Monitoring records; • Interviews with staff, stakeholders; • Publicly available information on the protection of air; • Inquiries to environment authorities (State Environment Inspection, Latvian Environment, Geology and Meteorology Centre, other subordinated institutions of Ministry of Environment)
Evidence Reviewed	Law on Environmental Protection, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. Law On Pollution, "Latvijas Vēstnesis", 51 (2438), 29.03.2001., "Ziņotājs", 9, 03.05.2001 Cabinet of Ministers Regulations Nr. 1290 "Air Quality Regulations", "Latvijas Vēstnesis", 182 (4168), 17.11.2009. Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; Cabinet of Ministers Regulations Nr. 936 "Nature Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 947 "Regulations on Forest Protection Measures and Declaration of Emergency State", "Latvijas Vēstnesis", 203 (4806), 28.12.2012 Statistical and monitoring data Latvijas vides, ģeoloģijas un meteoroloģijas centrs Gaisa piesārņojuma ietekmes uz ekosistēmām monitoringa sadarbības programma (ICP Integrated Monitoring); the International Co-operative Programme on Assessment and Monitoring of Air

	Pollution Effects on Forests operating under the UNECE Convention on Long-range Transboundary Air Pollution (CLRTAP) Reports Michel A, Seidling W, editors. 2014. Forest Condition in Europe: 2014 Technical Report of ICP Forests. Report under the UNECE Convention on Long-Range Transboundary Air Pollution (CLRTAP). Vienna: BFW Austrian Research Centre for Forests. BFW-Dokumentation 18/2014.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.8	There is controlled and appropriate use of chemicals, and that Integrated pest management (IPM) is implemented wherever possible in forest management activities (CPET S5c).
Finding	• The Law on Plant Protection outlines procedures for plant protection product registration, import, use, storage and protection measures, as well as informing the public and control of the use of pesticides and other chemicals for plant protection purpose. Cabinet of Ministers Regulations Nr. 264 "General Regulations on Protection and Use of Specially Protected Nature Territories" prohibit using plant protection products (pesticides) in forests in territories with any of protection status. All plant protection products shall be registered according to defined procedures. Information about registered plant protection products can be obtained on-line in the website of the State Plant Protection Service. The list of the plant protection products that are allowed for use in forests is available in the website of State Forest Service. The Plant Protection Service under the Ministry of Agriculture is responsible for registration, control and legislation enforcement of the plant protection products. The use of

	chemicals is very strictly regulated in state forests that are FSC/PEFC certified and subsequently follow FSC/PEFC pesticide policies. The State Forests enterprise AS LVM defines the permissible amount of chemical to be used in state forests. This amount is calculated based on necessary conditions for forest protection against diseases and other natural calamities and is targeted to the intention to reduce the permissible amount. The use of chemicals in private forests is not very common; however they shall follow the general legislation related to the plant protection products. In state forest enterprise there are responsible personnel, who are involved in the use and storage of chemical and have necessary qualification - training on handling of chemicals. The State Forests enterprise AS LVM annually prepares reports on the use and storage of chemicals. • State Forest Service periodically controls how forest operations in cutting areas are being or have been implemented according to the existing legal acts. No substantial violations of plant protection product related legislation has been registered by the State Forest Service, so the risk for this indicator is considered low.
Means of Verification	• Existing legislation; • Best Management Practice manuals; • Supply contracts; • Records of BP's field inspections; • Assessment of measures designed to minimize impacts at operational level; • Monitoring records; • Interviews with institutions responsible for overseeing the use of chemicals (State Forest Service, State Environment Inspection, State Plant Protection Service and others).
Evidence Reviewed	Law on Plant Protection, "Latvijas Vēstnesis", 388/399 (1449/1460), 30.12.1998., "Ziņotājs", 2, 28.01.1999. Cabinet of Ministers Regulations Nr. 264 "General Regulations on Protection and Use of Specially Protected Nature Territories", "Latvijas Vēstnesis", 50 (4242), 30.03.2010. Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000;

	Cabinet of Ministers Regulations Nr. 936 "Nature Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Information tools Online database of registered plant protection products
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.2.9	Methods of waste disposal minimize negative impacts on forest ecosystems (CPET S5d).
Finding	• The Law on Waste Management defines the waste as „various substances and articles belonging to the category of waste, pursuant to the classifier of waste set forth in paragraph 2 of Article 8 of the Law on Waste Management, which are disposed by the holder of waste, which he wishes to dispose or must dispose. The Law provides waste definitions, classification and functions of responsible institutions involved in waste management, monitoring, and storage and other waste management procedures. The State Program on Waste Prevention sets the goals, measures and monitoring procedures for waste reducing and prevention based on the performed analyses. Cabinet of Ministers Regulations No. 485 "On Management of Specific Types of Hazardous Waste" and Cabinet of Ministers Regulations No. 302, "Waste Classification Regulations and Hazardous Waste Properties" provide definition for hazardous wastes and set out procedure and requirements for hazardous waste handling, collection and disposal. Oil products according to the aforementioned Regulations are classified as hazardous waste and need to collected and forwarded to special companies that have necessary license to dispose the wastes in environmentally sound manner. Article 6 of Law on Forests set out requirement to prohibit disposal of

wastes in forest.

- The Forest management plan, the planning documents of individual protected area, the individual regulation of protected objects or selective areas defines the requirements and procedures to prevent the waste disposal in the forests. The waste issue is relevant in the forests nearby cities and recreational objects. It is often practiced that forest management companies have signed agreements with waste management companies for waste collection and transportation from forests and recreational sites. Regional offices of the State Environmental Inspectorate control waste disposal in the forests and takes appropriate measures in case of legal violation.

- Much of the waste in the forest is disposed by the general public during the summer season, resulting from summer cottages and summer housing, often due to the fact that owners of vacation cottages have not entered into contracts for the collection of household waste. According to the Waste Management Law every household waste producer must have a contract with the waste collection company, covering all costs of waste collection and disposal. Waste collection contracts shall be concluded not only by owners of private houses and apartment tenants, but also cottage, summer home and other temporary accommodation owners or users. This is determined by the Waste Management Law Article 16.

- According to the information from the State Environmental Inspection, in average 20 complaints about forest areas littering is received annually by the institution, however recent years show reducing trend. There is no information on waste disposed of in private forests. According to the information from the State Forest Enterprise AS LVM about 2000 cubic meters of household waste is collected from state forests annually. The statistics of AS LVM show that despite public awareness campaigns and actions, the amount of discarded waste in the forests remain high. Since 2005, AS LVM is implementing a public awareness campaign "Do not litter the forest!". The purpose of the campaign is to increase the level of public awareness and contribute to cleaner forests in general. During the campaign 200 public forest clean-up actions are taking place all over the country.

- The Forest owner, irrespective of ownership of municipal, hazardous or industrial waste disposed by third person is obliged to clean up a littered forest area. This is subject to the Waste Management Law Article 15. Forest litter shall be

	collected and transferred to waste collection company, an operator, which has received the licence for waste management. Costs of waste collection shall be covered by the forest owner or manager; however the forest owner or manager is entitled to claim damages from the waste producer - guilty party. • The impact to environment at operational level related to waste in the forests is quite low. Both in state forest enterprise and private forest owners there is prevailing practice to check the felling area and other areas where the forest activities are foreseen before and after work by responsible persons and to ensure that no waste is disposed and that all legal requirements and good practice is followed. In addition, State Forest Service periodically controls how forest operations in felling areas are being or have been implemented according to the existing legal acts, including waste regulations. There is no information on cases of forest wasting at operational level. • The risk can be considered as low for this indicator.
Means of Verification	• Best Management Practice manuals; • Supply contracts; • Records of BP's field inspections; • Assessment of measures designed to minimize impacts at an operational level; • Monitoring records; • Interviews with staff, stakeholders; • Inquiries to environment authorities (State Environment Inspection, Latvian Environment, Geology and Meteorology Centre, other subordinated institutions of Ministry of Environment)
Evidence Reviewed	Law on Environmental Protection, "Latvijas Vēstnesis", 183 (3551), 15.11.2006., "Ziņotājs", 24, 28.12.2006. Law On Pollution, "Latvijas Vēstnesis", 51 (2438), 29.03.2001., "Ziņotājs", 9, 03.05.2001; Waste management Law, "Latvijas Vēstnesis", 183 (4375), 17.11.2010;

	Cabinet Of Ministers Regulations Nr. 485 "On Management of Specific Types of Hazardous Waste", "Latvijas Vēstnesis", 102 (4500), 05.07.2011; Cabinet of Ministers Regulations No. 302, "Waste Classification Regulations and Hazardous Waste Properties", "Latvijas Vēstnesis", 64 (4462), 26.04.2011; Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; Cabinet of Ministers Regulations Nr. 936 "Nature Protection Requirements in Forest Management", "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 935 "On tree felling in forest" "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 947 "Regulations on Forest Protection Measures and Declaration of Emergency State", "Latvijas Vēstnesis", 203 (4806), 28.12.2012
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.3.1	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data
Finding	• According to Law on Forest and subsequent Cabinet of Ministers Regulations No. 238 "On National Forest Monitoring", Latvian State Forest Research Institute "Silava" is assigned executing agency for forest resources monitoring at national level. Forest resources are monitored in a 5 year period, using statistical methods. First monitoring cycle had been implemented during 2004.-2008., second monitoring cycle – 2009.-2013. In total monitoring is carried out in 9693

sampling plots distributed evenly all over the country. Each monitoring/sampling plot represents 666ha of forest. During five year period all sampling are visited and monitoring parameters surveyed.

- During the last decade the annual harvesting rate in Latvian forests was in range of 9.5-13 mil. m^3. The national forest resources monitoring data shows that as from the second monitoring cycle, the annual increment in growing stock volume is assessed at least 27.3 million m3. First cycle monitoring data, based on annual ring measurement show annual growing stock increase in 27.63 million m3.

- The amount is in line with sustainable development principle when the harvesting rate does not exceed the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. During the last decade the total growing stock volume in Latvian forests has increased from 546 million m^3 in 2000 to 631 million m3 in 2010, which means that since 2000 it has increased by 85 mill m^3. The statistical data about forest use and forest increment is calculated using forest inventory and monitoring data. The statistical information (including growth/drain, inventory, mortality, and age class distribution according ownership type, administrative boundaries and other criteria) is available on-line in the website of the State Forest Service, which is responsible institution for compilation of statistical information on forest resource use, regeneration and vitality.

- The felling annual rate in state forests is approved by the Government and shall always be lower than those defined in the forest management plan. On an operation level, there is strict control that the allowed felling volume and area set in the cutting technological card shall be followed. Responsible persons from state forest enterprises periodically check the felling area before, during and after activities in order to be sure that the allowed cutting rate is followed.

- Energy biomass resources in the country are estimated to secure another half of current harvesting volume. Various experts estimates that the biomass resources in the country are estimated to range from 8.4-8.9 million m3 to 12.6 million m3, providing the energy potential from 13-30TWh. Timber harvesting co-products are estimated to be 5.5 million m3, harvesting residues 0.5 million m3, firewood from harvesting 1.2 million m3, firewood in private forests up to 1.7 million m3.

- State Forest Service periodically controls how forest operations in harvesting areas are being or have been implemented according to existing legal acts.

	• The risk can be considered as low for this indicator.
Means of Verification	Harvesting records, inventory and growth data and yield calculations, and Operational Practice indicate that biomass feedstock harvesting rates avoid significant negative impacts on forest productivity and long-term economic viability.
Evidence Reviewed	• Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. Reports Latvijas enerģētikas sektora attīstības modelēšana. Energoresursu reģionālā pieejamība, Scientific Journal of Riga Technical University Sustainable Spatial Development Biomasas izmantošanas ilgtspējības kritēriju pielietošana un pasākumu izstrāde: Meža biomasas resursu izmantošanas analīze, novērtējot dažādu mežistrādes etapu varbūtējo ietekmi uz bioloģiskos daudzveidību, VSIA Vides projekti, 2009
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	• The analyses made in National Program on Development of Forest Sector states that today there is enough number of qualified forest specialists working in forest sector in order to reach the main goals of forest development program. There is a tendency that the number of specialists in the forest sector graduated in universities and highly educated personnel is increasing. However, during the last decade the demand of forest specialists with university or high education degree slightly dropped while the demand in the market for professional specialists like harvest and forward operators has increased. For detailed

	statistical information about forest employees and their qualification, the tendency during last years it is possible to find in the website of State Forest Service. The educational system in Latvia provides broad scope of education degree, training and scientific knowledge for forest sector. State forest enterprises every year shall analyse the training and qualification demand and prepare the annual training plan for its specialists and workers. The plan shall take into account the employees needs as well as necessary qualification requirements related to their duties and responsibilities. In addition, according to the health and safety legislation, every new employee shall be acquitted with the safety instructions and annually update skills on safety and health requirements attending special courses or instructions. This must be proved by corresponding documents and training records. Many forest cuttings and other forest activities in state and private forests are performed by contractors, which have the obligation to have necessary qualification and corresponding documents. When state forest enterprises organize the tender they ask contractors for the documents, which could prove their qualification as well as other skills needed for the job. The Order on forest work safety requires that every forest worker shall have the necessary qualification and corresponding documents. The state forest enterprises and contractors are periodically controlled by the State Labour Inspection, State Forest Service, authorities of fire protection and other controlling institutions to check that all workers have the necessary qualifications skills, corresponding documents and other necessary skills. It is prevailing practice to include in the agreement with contractors the requirements to have the necessary qualification. The risk can be considered as low for this indicator.
Means of Verification	• Existing legislation; • Level of enforcement • Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff, State Labour Inspectorate;

	• Training plans, training records, and records of qualifications.
Evidence Reviewed	Forest Policy of Latvia (April, 1998) Forest-based Sector Development Guidelines (Decision of Cabinet of Ministers Nr. 273, 18.04.2006) Law on Forest, "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; The Labour Law (20.06.2001);
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy including employment.
Finding	• The Forest Policy of Latvia (1998) and its Implementation Strategy – Forest-based Sector Development Guidelines (2006) define that forests is one of the main Latvian natural resources having principal economic, social and ecological value. Forest is renewable and increasing forest resource, occupying half of the country's territory and has substantial economic ecological and social functions of the forest sector economy. • Forest sector (including forest industry) constitute 7-8%, out of which in forestry sector – about 6% of Gross Domestic Product (GDP). Forestry sector creates 20% of total added value of industry in the Republic of Latvia. Forestry sector employs 5% of country labour force. The Forestry sector exports 70-80% of products. State forest enterprise AS LVM in the form of various taxes and royalties pay to the state budget annually about 70 mill. Euro. • Firewood accounts for stable ground in the energy consumption. The share of thermal power generation has been steadily increasing and accounts for more than 30% of the primary heating energy balance. This is driven mainly by household consumption and increasing biomass use in public heating in

	municipalities. In the last years a number of biomass powered boiler houses have been installed in cities, which has contributed to increasing demand for chips and pellets. Industry, mainly in the forestry enterprises, consumes about 25% wood processing products (bark, sawdust, wood chips and remnants), to ensure the technological process and the necessary heat. • There are currently around 1,450 municipal boiler houses operating in the country using wood-energy - firewood or wood-chips. Largest wood powered boiler house capacity is about 10 MW. Firewood accounts to 60% of energy-wood consumption. During the last 5 years the share of pellets has increased from 3-5% to 8-10%, while the share of wood scrap has reduced. Demand for wood chips has stayed at the same level. • The total growing stock volume amounts to 631 mil. m^3. Forest resources during the last 50 years have steadily increased and at this time can sustainably meet the public needs, which are reflected in aforementioned strategic document. The National Program Forest-based Sector Development Guidelines provides similar indicators related to forest sector contribution to local economy, namely: forest sector's contribution to the national economy comprises 5-8% annually, out of which in forestry sector – six per cent of GDP. The number of employees working in the forest sector during last 10 years has been steadily increasing. • Based on statistical data on forest sector contribution to the local economy during the last 10 years and the forecast for the coming 10 years it is obvious that the forestry sector remains one of the contributors to the local economy. Statistical data on forests as well as the economic and commercial indicators and perspective plans of forest sectors are available in the website of the Ministry of Agriculture and the State Forest Service. • The National Program on Development of Forest Sector sets the objective to increase biomass driven power and energy generating capacity. Taking into account goals set in the National Program on Development of Forest Sector as well as current trends in in biomass production and use, a positive influence of biomass production and its contribution to the local economy can be expected.
Means of Verification	Analysis of contribution. Sectoral analysis reports from the Ministry of Agriculture, forest industry associations
Evidence	• Forest Policy of Latvia (April, 1998)

Reviewed	• Forest-based Sector Development Guidelines (Decision of Cabinet of Ministers Nr. 273, 18.04.2006) Reports, statistical data • Forest Statistical Data (State Forest Service) • Latvian Forest Sector in Facts and Figures
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.4.1	The health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).
Finding	• One of the principal goals of Latvian Forest Policy and Implementation Strategy is the protection of biodiversity and maintenance of the forest vitality. It is acknowledged that forests are crucial to the overall conservation of biodiversity on land, while forest biodiversity lies in its productivity, regeneration and viability and sustainable forest management. • Measures to achieve this goal are: reforestation and afforestation based on ecological and genetically sound base, planting more mixed forests and especially the hardwood species, combining natural and artificial reforestation, protection of coastal and river forests, increase of assortment in forest nurseries, selection of valuable forest populations in every forest natural region, protecting their natural and genetic composition and rationally using genetic resources for reproduction, reducing the use of chemical agents and replacing them by mechanical and biological means, etc. • State Forest Service is responsible authority for forest health

condition monitoring in all forests in Latvia and survey for forest health and issues opinion on forest health condition. The State Forest Service carry out a forest health condition monitoring in all Latvian forests to ensure forest management in a way that does not deteriorate the state of forest health and timely detection of pest proliferation and outbreaks.

- In 2013 Harvesting Permits for sanitary felling were issued for 1393.1 ha of forest or 0.05% of the total forest area in the territory of Latvia, including 555.4 ha (40%) - in state forests and 837.8 ha (60%) - other users of forests. Compared to previous years the area of sanitary felling cuts has increased, but the level is corresponding to the average annual level if looking at the long-term statistics.

- The most important factor in forest damage in Latvia is windfall, which accounts for about half of damage volume. Quite a lot is also excessive moisture resulting in fatalities of forest stands. Other causes: pests, diseases, animals, fires is less significant. The largest proportion of damaged forest stands according to SFS data is found in Latgale - 415.41 ha (0.08%), Zemgale - 253.7 ha (0.06%) and Vidzeme - 409.2 ha (0.05%), least in Kurzeme - 219.7 ha (0.03%) and Riga/Riga region - 95 ha (0.02%). Larger scale of wind damage is observed in Latgale and Vidzeme regions. In all regions, a relatively large proportion of forest damage is caused by excessive humidity, caused mostly by beaver activity.

- The largest pest outbreaks are associated to the spruce bark beetle (*Ips typographus*). In 2013, the spruce bark beetle caused forest damage in an area of 96.6 ha, but its population is at a low level and an increase has not been established. Only a few cases of coniferous pests (sawfly) outbreaks was identified. In Daugavpils city forests about 200 hectares of pine stands was damaged by a sawfly (*Acantholyda posticalis*) outbreak, causing significant defoliation of pine stands. Pest hazards are associated with the proliferation durability as it can take up to 10 years. Since 2012, an increase in the pine sawflies (*Neodiprion sertifer*) population was observed. While mass proliferation has not been observed, pest colonies are present in the relatively wide areas of Kurzeme, Vidzeme and Zemgale regions, so careful monitoring of this pest

	population is foreseen in the coming years according to the report of the State Forest Service. • The risk can be considered as low for this indicator.
Means of Verification	• Overall evaluation of potential impacts of operations on forest ecosystem health and vitality based on data from overseeing institutions; • Assessment of potential impacts at operational level and of measures to minimise impacts • Best Management Practice manuals • Supply contracts; • Monitoring results;
Evidence Reviewed	• Forest Policy of Latvia, April, 1998 • Forest-based Sector Development Guidelines (Decision of Cabinet of Ministers Nr. 273, 18.04.2006) • National Programme on Biological Diversity • Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 97 on Sustainable forest management evaluation procedures ("Latvijas Vēstnesis", 97 (4903), 22.05.2013. • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014.

	• Forest Statistical Data (State Forest Service)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.4.2	Natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	• The Regulations on forest protection against fires defines the general requirements for establishing anti-fire measures, for instance, mineralized lines in forests as well as sets the procedures for organization of fire extinguishing system in state and private forests. The State program on forest fire protection establishes and ensures the protection of all forests (state and private) against forest fires. Latvian forests according to the burning class are divided into 3 categories (low, medium and high). Forest management of state and private forests are based on the forest management plans where the procedures and measures to verify that natural processes, fires, pests and diseases are managed appropriately are defined. Forest management plan as the main planning document includes the Forest fire management plan, which comprises of Fire protection line plan, Operational fire extinguishing plan and maps of forest fire management. In Latvia the fire prevention and monitoring system covers all Latvian forests. There is the watch-tower network covering the territory of Latvia involving watchmen who detect and identify forest fires in fire season and warn the responsible institutions. In addition, state forest enterprise has on ground monitoring system and responsible persons for monitoring and reporting about forest fires. The integrated warning system allows to report about forest fire using the integrated phone number. The statistical information about forest fires is available on the website of State Forest Service. State forest enterprise personnel monitor forests on a daily basis, especially during the fire season, and visit the operational sites in order to ensure that natural processes, fires, pests and diseases are managed appropriately. Forestry worker and personnel are

instructed about fire prevention and protection measures and get the appropriate training. In addition, State Forest Service periodically controls forest operations in forest felling areas for compliance with existing legal acts related to fire safety.

- According to information from the State Forest Service, almost all forest fires are discovered within half an hour from the break-out, and fire station car with forest fire brigade is sent to the place of forest fire. Up to 80% of all forest fires are discovered and operatively disposed so that the area damaged by fire does not exceed 0.5 ha. In extensive forest fire fighting special heavy machinery - bulldozers, excavators are used for fire suppression and elimination. In order to ensure involvement of machinery in a coordinated emergency procedures in these situations cooperation agreements are being concluded with various organizations and fire emergency plans have been drawn up to specify obligations of involved parties and participation procedures for fires.

- The Regulations on Tree Felling in Forest defines the procedures, responsible institutions and measures for forest protection against pests, diseases and other natural calamities. The monitoring data on forest sanitation conditions and damages are available at State Forest Service. Statistical data about forest sanitation conditions, measure for forest sanitation protection, list of related legal acts, diseases and pests as well as various scientific reports are available on the website of State Forest Service.

- State Forest Service is responsible authority for forest health condition monitoring in all forests in Latvia and survey for forest health and issues opinion on forest health condition. The State Forest Service carry out a forest health condition monitoring in all Latvian forests to ensure forest management in a way that does not deteriorate the state of forest health and timely detection of pest proliferation and outbreaks.

- In 2013 Harvesting Permits for sanitary felling were issued for 1393.1 ha of forest or 0.05% of the total forest area in the territory of Latvia, including 555.4 ha (40%) - in state forests and 837.8 ha (60%) - other users of forests.

- The most important factor in forest damage in Latvia is windfall, which accounts for about half of damage volume. Quite a lot is also excessive moisture resulting in fatalities of forest stands. Other causes: pests, diseases, animals, fires are less significant. The largest proportion of damaged forest stands according to SFS data is found in Latgale - 415.41 ha (0.08%), Zemgale - 253.7 ha (0.06%) and

	Vidzeme - 409.2 ha (0.05%), least in Kurzeme - 219.7 ha (0.03%) and Riga/Riga region - 95 ha (0.02%). Larger scale of wind damage is observed in Latgale and Vidzeme regions. In all regions a relatively large proportion of forest damage is caused by excessive humidity, caused mostly by beaver activity. • The risk can be considered as low for this indicator.
Means of Verification	• Overall evaluation of potential impacts of operations on forest ecosystem health and vitality based on data from overseeing institutions; • Assessment of potential impacts at operational level and of measures to minimise impacts • Regional Best Management Practice manuals • Supply contracts; • Monitoring results;
Evidence Reviewed	• Forest Policy of Latvia, April, 1998 • Forest Sector Development Guidelines (Decision of Cabinet of Ministers Nr. 273, 18.04.2006) • Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 97 on Sustainable forest management evaluation procedures ("Latvijas Vēstnesis", 97 (4903), 22.05.2013. • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014. Statistical data • Forest Statistical Data (State Forest Service)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**

Comment or Mitigation Measure	

	Indicator
2.4.3	There is adequate protection of the forest from unauthorized activities, such as illegal logging, mining and encroachment (CPETS7c).
Finding	• State Forest Service periodically controls how forest operations in cutting areas are being or have been implemented according to the existing legal acts. The State Forest Service has an annual control plan. Even though legal authorities have increased control of illegal logging in Latvia, some illegal logging still occurs. • Prior to performing logging activities, every forest owner must obtain a harvesting permit. The institution responsible for issuing harvesting permits is the State Forest Service. A harvesting permit is issued by a professional forestry official (a forester) in accordance with the requirements of the relevant forest legislation. The principal requirement for obtaining a harvesting permit is that the forest owner has a valid Forest Management Plan, including full forest inventory. Prior to issuing a harvesting permit, the State Forest Service specialists randomly check whether the situation in relation to the forest property conforms to the legislation requirements. A felling permit is not issued in 1% of cases of application. • A harvesting permit is not required for certain types of felling works, i.e. pre-commercial thinning, cutting of dead and windfall trees, maintenance of forest clearings etc. • There has been a significant effort to implement tighter controls over illegal logging in Latvia. The number of cases of illegally harvested wood was reduced from 2000–3000 per year in the period 2000 to 2005, to around 400 cases in the years following

	2005, with some illegal logging still occurring. The number of illegal logging cases has been stable over the past four years (2010–2013), ranging from 322–348 cases per year, with an extreme of 485 cases in 2010. In 2013, 348 cases of illegal logging were detected in both State and private forests, corresponding to 20,300 m3 of illegally logged wood. The volume of illegally harvested wood ranges from 16.5 thousand to 20 thousand m3 per year. The major share of illegally felled wood (77%) was linked to private forests. Judicial statistics for the year 2013 provide the details of the persons who have been convicted by the Criminal Law Article 109 "Illegal felling and damaging of trees". According to the statistics, 50 people were convicted of illegal tree felling and damage in year 2013. • According to statistical data provided by the State Forest Service, the share of known illegally logged wood in Latvia ranges from 0.13%–0.17% of the total felled timber volume over the last 4 years (2010-2013). The ratio has been relatively stable, although the latest available data for the year 2013 shows a slight increase in volume of illegally logged wood. • There is a risk of corruption of forestry officials. The risk is substantially minimized through the implementation of internal control over the issued harvesting permits and control of forestry works within the State Forest Service. Over the last three years there have been no official cases of bribery reported among persons responsible for issuing harvesting licenses. However, Transparency International – in their National Integrity System Assessment – reports that in Latvia, "donations by state-owned companies are a particularly vulnerable form of public support." For example, the state forest enterprise Latvijas Valsts meži (Latvian State Forests) allegedly donated money to associations of individuals related to the party in charge of the Ministry of Agriculture, who oversees the company. • Considering the current score on the Corruption Perception Index (CPI=55) and no known cases of corruption in the State Forest Service, the risk is considered low.

Means of Verification	• Overall evaluation of data from overseeing institutions; • Assessment of potential impacts at operational level and of measures to minimise impacts • Regional Best Management Practice manuals; • Supply contracts; • Monitoring results;
Evidence Reviewed	Forest Policy of Latvia, April, 1998 Forest Sector Development Guidelines (Decision of Cabinet of Ministers Nr. 273, 18.04.2006) Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014. Statistical data, reports Forest Statistical Data (State Forest Service) • Transparency International Corruption Perception Index • “State Forest Service and the merits of structural changes in service activities regarding compliance with legal requirements and efficiency”, State Audit Office Audit Report, State Audit Office, 2013
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Risk at Unspecified**
Comment or Mitigation Measure	

	Indicator
2.5.1	The legal, customary and traditional tenure and use rights of indigenous peoples and local communities related to the forest, are identified, documented and respected (CPET S9).
Finding	• There are no indigenous people in the country since Latvians are native in their homeland. However, there are national minorities (traditional communities) in Latvia – such as Russians, Jews, Belarusians and other nationalities. Brief evaluation of various reports was done in order to confirm low risk for protection traditional people's rights. All reports states that Latvia has sufficient legislation for traditional rights protection. Education, medical care, employment and other social programs have been implemented. There are no recognized acts on violations of rights, customs and culture and there is no evidence of violations of traditional and/or customary rights, including use rights, cultural interest or traditional cultural identity. In Latvia, representatives from national minorities (traditional communities) and Latvians have the same land use rules and rights. Latvia has not ratified ILO convention 169. Main laws and regulations that govern identification of national minorities (traditional communities) are: Constitution of the Republic of Latvia; Convention for protection National Minorities which was ratified by the Government in 2005. Customary rights to non-timber forest products in state conservation areas are defined by special regulations allowing local communities to collect berries and mushrooms as well as fishing activities, assuming they follow special provisions. • The risk can be considered as low for this indicator.
Means of Verification	- Customary and traditional tenure and use rights are identified and documented; - Interviews with local communities and other stakeholders, indicate that their rights are respected;

	- Appropriate mechanisms to resolve disputes exist; - Agreements exist regarding customary rights.
Evidence Reviewed	• Constitution of the Republic of Latvia (Satversme), "Latvijas Vēstnesis", 43, 01.07.1993., "Ziņotājs", 6, 31.03.1994; • Convention 157 for the Protection of National Minorities (1995), "Latvijas Vēstnesis", 85 (3243), 31.05.2005;ter 1 - general provisions, chapter 3 - Organisation of protection, chapter 4 - protected areas, chapter 5 - Limited-conservation areas, chapter 6 - Shores and Banks, chapter 8 – Species
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.5.2	Production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs.
Finding	• Main necessities of local communities are related to recreation and mushroom and berries picking. These activities are important for many people for leisure or perquisite income. The right to free access to state and municipal forests are guaranteed in the Constitution of Republic of Latvia, Forests Law and other legal acts. With few exceptions all forests are available for berries and mushroom picking. Exceptions include only the strict nature reserves, where access for the general public is restricted. Forest management does not play a significant role in relation to community necessities with regard to forest non-timber resources, as forests in Latvia cover about 50% of the territory and various succession

	stage forests are present in the landscape. Therefore no risk related to this indicator exist. It is general practice that state forest enterprise AS LVM allow the local inhabitants to collect logging residues from cutting areas, upon notification. In addition, local people can buy fuel wood without any restrictions. The market analyses indicates that there is not lack of fuel wood for local people and that forest operation does not cause and influence the lack of basic needs for local people.
Means of Verification	Interviews with local communities and other stakeholders indicate that subsistence needs are not endangered. Agreements exits on resource rights where these impact on the needs of communities.
Evidence Reviewed	Constitution of the Republic of Latvia (1992-10-25) Law on Forest (1994-11-22, Nr. I-671)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.6.1	Appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions
Finding	• Grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions are regulated by general, horizontal legislation: The Constitution of Latvia (Satversme), Latvian Civil Code, Labour Law, Code of Administrative Violations etc. The detailed procedures, duties and responsibilities of involved persons are defined in the general legislation. The land restitution process in Latvia has not been completed; therefore most cases of grievances and disputes are related to the establishment of tenure and use rights over forests under

	restitution process and disputes over borders of properties. There are procedures, which shall be followed during restitution process when the independent land measurement organization is hired to define and set the border of private forest owner and user. During the measurement process, the owner of forest land participates and signs the report of measurement. In the report, the owner can write his disagreements, comments or simply not sign the report at all. In such cases, the dispute is solved together with independent measurement organization. If no solution is reached, there is the possibility to apply to higher controlling institution (the State Land Service) or seek for solution via court case. • It is the prevailing practice to include additional clarification statements in the working agreements concerning the dispute resolutions. In addition, the trade unions can assist in solving disputes over working conditions and can use their own procedures and agreements. • The risk can be considered as low for this indicator.
Means of Verification	• Existing legislation; • Level of enforcement; • Best Management Practices; • Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff and stakeholders.
Evidence Reviewed	• Constitution on the Republic of Latvia, 1992 10 25 • The Constitution of the Republic of Latvia (Satversme) • The Civil Code, "Valdības Vēstnesis", 41, 20.02.1937 • Law On Land Reform in Rural Areas of the Republic of Latvia (21.11.1990) • Law On the Privatization of Land in Rural Areas (01.09.1992) • Law On Agrarian Land Reform in the Republic of Latvia (13.06.1990)

	• Law On Completion of Land Reform in Rural Areas of the Republic of Latvia (30.10.1997) • Land Register Law (22.12.1937) • Real Estate Cadaster Law (01.01.2006) • Law On Procedure for Registering the Real Estate in the Land Register (06.03.1997) • Law on Land Ownership Right of the State and the Local Governments and their Securing in the Land Registry (29.03.1995) • The Labour Law (20.06.2001) • Law on Trade Unions (01.11.2014)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Risk at**
Comment or Mitigation Measure	

	Indicator
2.7.1	Freedom of Association and the effective recognition of the right to collective bargaining are respected.
Finding	• According to the Law on Trade Unions, Trade Unions have the right to supervise the employer's adherence to and implementation of the labour, economic, and social laws related to the rights and interests of their members, as well as of the collective and other agreements. Article no 18 states - The Right of Trade Unions to Demand the Annulment of the Employer's Decisions which violate labour, economic, and social rights of their members provided by the laws of the Republic of Latvia. Law gives The Right of Trade Unions to Propose that Legal Action be Taken against Officials who violate laws on labour, or who do not ensure safety at work, or who do not execute the collective or other mutual agreements. Latest the Trade Union Confederation report shows positive

	trends in the Latvian labour sector. There were no major law violations identified in order to uphold the right of freedom of association and collective bargaining. In most of the state enterprises trade unions are established, handling the agreement with the employee and periodically reviewing this agreement, for which the work conditions and other related issues are discussed and defined. Latvia has signed and ratified the ILO Declaration on Fundamental Principles and Rights at Work including the ILO Conventions 98, 87 and 135, which came into force 26 September 1994. • The risk can be considered as low for this indicator.
Means of Verification	• Existing legislation; • Level of enforcement; • Supply contracts; • Records of BP's field inspections; • Assessment at an operational level of measures designed to minimise impacts on the values identified; • Monitoring records; • Interviews with staff and stakeholders
Evidence Reviewed	Laws: • The Constitution of the Republic of Latvia • The Labour Law (20.06.2001) • Law on Trade Unions (01.11.2014) Ratified International Labour Organization (ILO) Conventions: • Law on ILO Conventions No. 81, 129, 144, 154, 155, 158, 173 (15.06.1994) • ILO C100 Equal Remuneration Convention (1993.01.27) • ILO C87 Freedom of Association and Protection of the Right to Organize Conventions (1993.01.27)

	• ILO C98 Right to Organize and Collective Bargaining Convention (1993.01.27) • ILO C138 Minimum Age Convention (2007.06.02) • ILO C182 Worst Forms of Child Labour Convention (2007.06.02) • ILO C29 Forced Labour Convention (2007.06.02) Normative Acts: • Cabinet Regulation No. 427 "Procedures for the Election of Trusted Representatives and the Activities Thereof" (17.09.2002)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.7.2	Feedstock is not supplied using any form of compulsory labour.
Finding	• According to the Latvian Constitution (Satversme, 1993) Article Nr. 106 forced labour is prohibited, though Forced labour is not considered the involvement of disasters and their effects and work pursuant to a court order. Latvia ratified relevant ILO Conventions concerning Forced or Compulsory Labour C029, which came into force in 2006 and Abolition of Forced Labour Convention (C105), which came into force into 1992. Ministry of Welfare is responsible institutions for implementing conventions and taking measures to avoid forced or compulsory labour in the country. • According to the Global Slavery Index (GSI) Latvia in 2014 ranks 140 (least is worst) out of 167 evaluated countries in the World and 19th out of 37 in Europe. According to the GSI study "the government has introduced a response to modern slavery, which includes short term victim support services, a criminal justice framework that criminalizes some forms of modern slavery, a body to coordinate the response, and protections for those vulnerable to modern

	slavery. There may be evidence that some government policies and practices may criminalize and/or cause victims to be deported, and/or facilitate slavery". The following GSI indicators have been evaluated: Attitudes, social systems and institutions that enable modern slavery are addressed – 50%, Coordination and accountability mechanisms for the central government are in place – 58%, Criminal justice mechanisms address modern slavery -81%, Survivors are identified, supported to exit, and remain out of modern slavery - 61%. Problematic area according to the study is Business and Government – businesses and government through their public procurement stop sourcing goods and services that use modern slavery. This category has received 0% score. • The State Labour Inspections annual reports do not point out issues with forced labour.
Means of Verification	• Existing legislation; • Level of enforcement; • Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff and stakeholders.
Evidence Reviewed	Legislation • The Constitution of the Republic of Latvia (Satversme, 1993), "Latvijas Vēstnesis", 43, 01.07.1993., "Ziņotājs", 6, 31.03.1994 • ILO Forced Labour Convention, 1930 (C029), "Latvijas Vēstnesis", 60 (3428), 13.04.2006. • ILO Abolition of Forced Labour Convention, 1957 (No. 105), • The Labour Law, "Latvijas Vēstnesis", 105 (2492), 06.07.2001., "Ziņotājs", 15, 09.08.2001. Reports • The Global Slavery Index 2014: website, report • The State Labor Inspection (www.vdi.gov.lv) annual reports: 2013, 2012, 2011,

	2010.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.7.3	Feedstock is not supplied using child labour.
Finding	• The Republic of Latvia has been a member state of the ILO since 1991. The country has ratified 40 ILO technical Conventions, including the eight fundamental Conventions and 4 Priority Governance Conventions. Latvian legislation covers all aspects of equal rights. In 1995 06 20 Latvia has ratified the Convention for the Protection on Human Rights and Fundamental Freedom (1950) no 005. The Republic of Latvija has also ratified the fundamental ILO convention related to the child labour, i.e. C182 - Worst Forms of Child Labour Convention, 1999 (No. 182). • The Labour Law prohibits employing children on a continuous basis. In exceptional cases, children from the age of 13 years may be employed after school hours in light work that does not impede the child's safety and health, if one of the parents has given their written consent. Such an employment shall not impede the child's schooling. The kind of work that may employ children at the age of 13 years is determined by the Cabinet of Ministers Regulations. Cabinet of Ministers Regulations No. 206 "Regulations on work which prohibits the employment of adolescents and exceptions when employment in such jobs is permitted for adolescent vocational training", lists jobs prohibiting the employment of adolescents and exceptions when employment in such jobs is permitted for adolescent vocational training. The Labour Law establishes a framework for persons under the age of 18 years, in terms of their working time, rest periods and wages. • The State Labour Inspection controls the implementation of employment legislation, including employment of children or adolescents under the age of 18. No information on illegal employment of children or adolescents under the age

	of 18 is described in the annual reports of the State Labour Inspection. • Existing information about child labour in the reports of acting institutions were reviewed. Report of the Ministry of Welfare states that the State Labour Inspectorate prepares methods and recommendations concerning illegal work practices, organizes seminars, establishes the procedure of cooperation between officials of supervisory authorities and institutions in organizing joint checks, analyses results of control and furnishes conclusions to all authorities and institutions exercising control over illegal work, organizes educational activities aimed at the development of intolerance toward illegal work practices and encouraging the public to participate in identifying such practices and implements other measures. • Report "An overview of the situation of children in Latvian In 2012" reports cases of child employment without an employment contract. During the period of 2010-2012 a few cases of adolescent employment without a written contract has been identified in the forestry and wood processing industries: 1 case in 2010, 3 cases in forestry, 4 in wood processing industry in 2011, 3 cases in forestry and 6 cases in wood processing industry. During the 3-year survey period (2010-2012) 2 cases of illegal employment, i.e. employment without a permit from the State Labour Inspection were identified. In addition, 1 case of adolescent employment in a work area that is prohibited to adolescents was identified. • Given the provisions of legal framework, responsible institution regular checks for compliance and the low number of cases of violation of legislation, the risk for this indicator is considered low.
Means of Verification	• Existing legislation; • Level of enforcement; • Supply contracts; • Records of BP's field inspections; • Assessment at an operational level of measures designed to minimise impacts on the values identified; • Monitoring records; • Interviews with staff, stakeholders.

Evidence Reviewed	• The Constitution of the Republic of Latvia (Satversme, 1993), "Latvijas Vēstnesis", 43, 01.07.1993., "Ziņotājs", 6, 31.03.1994 • UN Convention on the Children Rights, ratified by the Government of Latvia on 14.05.1992 • The Labour Law, "Latvijas Vēstnesis", 105 (2492), 06.07.2001., "Ziņotājs", 15, 09.08.2001 • Law on Children Rights Protection, "Latvijas Vēstnesis", 199/200 (1260/1261), 08.07.1998., "Ziņotājs", 15, 04.08.1998. • Cabinet of Ministers Regulations Nr. 10 "Regulations regarding Work in which Employment of Children from the Age of 13 is permitted", "Latvijas Vēstnesis", 6 (2581), 11.01.2002 • Cabinet of Ministers Regulations Nr. 206 "Regulations regarding Work in which Employment of Adolescents is prohibited and Exceptions when Employment in such Work is Permitted in Connection with Vocational Training of the Adolescent", "Latvijas Vēstnesis", 82 (2657), 31.05.2002; Reports • An overview of the situation of children in Latvia In 2012
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.7.4	Feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.
Finding	• According to the Constitution of the Republic of Latvia (Satversme) (1993) Article no 106 forced labour is prohibited. Latvia has also ratified ILO Convention concerning Forced or Compulsory Labour No C029, which came into force on June 2, 1996. The Ministry of Welfare is responsible for implementing this

convention and taking all measures to avoid forced or compulsory labour in the country. Exploring the situation of compulsory and/or forced labour in Latvia nongovernmental researches have been analysed but no major evidences were identified regarding compulsory and/or forced labour in the country. Even though analysed reports of independent sources such as Special Euro barometer 393; European Commission and The Ministry of Welfare show that recommendations for improvement are given to Latvian acting authorities - there are no major discrimination evidence in the country in respect of employment, and/or occupation, and/or gender. The Office of Ombudsperson is an independent state institution appointed by and accountable to the Parliament. The Ombudsman investigates individual complaints on the grounds of gender, age, racial or ethnic origin, religion beliefs, disability, sexual orientation, language, social status; submits recommendations and proposals to the Parliament, governmental institutions on the priorities of gender equality policy, including recommendations on amendments to relevant legislation. Latvian legislation covers all aspects of equal opportunities. A person may not have his rights restricted in any way or be granted any privileges on the basis of his or her sex, race, nationality, language, origin, social status, religion, convictions or opinions.

- Latvia has been a member state of the ILO since 1991. The country has ratified 52 ILO International Labour Standards (Conventions), including the eight fundamental Conventions, 4 Governance Conventions and 40 Technical conventions. Latvian legislation covers all aspects of equal rights. Latvia has ratified the Convention for the Protection on Human Rights and Fundamental Freedom (1950) no 105. Ministry of Welfare is responsible for implementing this convention and taking all measures to assure equal rights in any groups related to the above. In order to find evidence, that any groups (including women) do not feel adequately protected in terms of rights and evidence of discrimination against women and/or gender inequity, reports of independent parties were reviewed. The report evaluation showed positive trends. Mechanism for implementation of the Program for the Advancement of Woman has been created and continuously developed, supporting women's issues on all levels. A number of women in the governmental sector have increased. There has been an increase in the number of woman's organizations. The attitude of the authorities and understanding of gender related and equality matters is gradually changing in the society. All analyses above were done mostly focusing on the forestry sector. There were no evidences found about violations limited to

	the specific sectors. • The risk can be considered as low for this indicator.
Means of Verification	• Existing legislation; • Level of enforcement; • Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff and stakeholders; • Payroll records; • Company policies.
Evidence Reviewed	European Commission against Racism and Intolerance report on Latvia European Commission Euro barometer Discrimination in the EU, 2012. Constitution on the Republic of Latvia ILO Convention Abolition of Forced Labour Convention, 1957 (No. 105)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.7.5	Feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.
Finding	• Legal employment in Latvia is defined by number of different legislation. According to legislation all employees shall have signed employment contract which is a basis for obligatory social security, ensured by paying social security tax. According to the requirements of the Labour Law, the employment contract

must be in writing and it must contain essential provisions in order to be valid, such as conditions of payment, the place of work and a job description. Certain types of employment contracts may require additional provisions such as the term of the contract, seasonal work etc. Temporary hires, provided through employment agencies, offer an alternative to fixed term contracts. Temporary employment is relevant in the country as a flexible solution for part time, seasonal works, project or fixed term employment and as a risk management strategy at the start up stage.

- The Labour Law sets an obligation for the employer and employee to enter into a written contract of employment prior to commencement of work. With a contract of employment, the employee undertakes to perform specific work, subject to specified working procedures and orders of the employer, while the employer undertakes to pay the agreed work remuneration and to ensure fair and safe working conditions that are not harmful to health. Signed employment contract is a basis for obligatory social security payments. In addition to signed contracts, employees working in forestry sector companies are obliged to have an Employee License/Card (Nodarbinātā apliecība) issued by the contractor. The Employee license/card must be present at site/plot in the forest.

- Official statistics from the State Labour Inspectorate does not provide information on cases of illegal employment in forestry sector. The statistics is provided for agriculture, forestry and fisheries sectors combined. According to information from the State Labour Inspectorate, cases of illegal employment have risen from 199 cases in 2011 to 236 in 2013 (207 cases in 2012) (http://www.vdi.gov.lv/files/parskats_2013.pdf). Agriculture, forestry and fisheries sector ranks the 4th biggest in terms of identified cases of illegal employment after the construction industry, trade and sales and processing industries. No information on cases of illegal employment is provided for the forestry sector alone. However, agriculture and fisheries sector are often mentioned as risk sectors related to illegal employment. The State Labour Inspectorate reports that overall illegal employment cases in year 2013 were twice as many as in 2009.

- A recent report on work conditions and risks related to occupational health reveals that among the respondents working for one employer, most frequently employees without a written contract occur in agriculture and forestry sector (11.0%) in year 2013, 7.9% in 2010. Depending on the sector represented by the respondents in 2013 written contracts of employment were found less important

	by the employees of agriculture, forestry (82.9%) sectors. (Work conditions and risks in Latvia, 2012-2013). • Unofficial information from forestry and wood processing companies indicate that issues of legal employment are related to the size of the company and region where the company is operating. Small and new companies tend to have higher risk in terms of illegal employment and tax avoiding. According to the outcomes of the study (Shadow Economy Index in Baltic States 2009-2013) there are not many employers that employ workers without a contract thus contributing to unregistered employment. In turn, there is a significant share of employers who enter into contracts with workers on the minimum wage or slightly larger amount, but the largest part of remuneration paid in cash avoiding taxes (envelope wage). • There is no available information on cases where non-EU foreign workers working in the forest or wood processing sector without a residence permit and subsequently without a contract and social security insurance. Based on the information provided above it is seen that even though there might be some cases of illegal employment in the forestry sector, the control and preventive measures implemented by legal authorities as well as positive trends towards reduced illegal employment rates in the forestry sector provide solid background for defining this sub-category as low risk.
Means of Verification	• Existing legislation; • Level of enforcement; • Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff and stakeholders.
Evidence Reviewed	Laws: • The Labour Law (20.06.2001); • Law On State Social Insurance (01.10.1997); • Law On Compulsory Social Insurance in respect of Accidents at Work and

Occupational Health (11.02.1995)

Ratified International Labour Organization (ILO) Conventions:

- Law on ILO Conventions No. 81, 129, 144, 154, 155, 158, 173 (15.06.1994);
- ILO C100 Equal Remuneration Convention (1993.01.27);
- ILO C87 Freedom of Association and Protection of the Right to Organize Conventions (1993.01.27);
- ILO C98 Right to Organize and Collective Bargaining Convention (1993.01.27);
- ILO C138 Minimum Age Convention (2007.06.02);
- ILO C182 Worst Forms of Child Labour Convention (2007.06.02);
- ILO C29 Forced Labour Convention (2007.06.02).

Normative Acts:

- Cabinet Regulation No. 10 “Regulations regarding Work in which Employment of Children from the Age of 13 is permitted” (08.01.2002)
- Cabinet Regulation No. 206 “Regulations regarding Work in which Employment of Adolescents is prohibited and Exceptions when Employment in such Work is Permitted in Connection with Vocational Training of the Adolescent” (28.05.2002)
- Cabinet Regulation No. 665 “Regulation Regarding Minimum Monthly Wage and the Minimum Hourly Wage” (30.11.2010, amendments 27.08.2013)
- Cabinet Regulations No. 50 “Procedures for Calculation and Allocation of Insurance Compensation for Compulsory Social Insurance in Respect of Accidents at Work and Occupational Diseases” (16.02.1999., amendments 22.07.2011)
- Cabinet Regulation No. 378 “Procedures On Calculation, Financing and Disbursement of Work Injury Compensation” (23.08.2001, amendments 06.01.2007)

	• Cabinet Regulation No. 99 "Regulations regarding the Types of Commercial Activities in which an Employer shall Involve a Competent Authority " (08.02.2005, amendments 01.01.2010) • Cabinet Regulation No. 427 "Procedures for the Election of Trusted Representatives and the Activities Thereof" (17.09.2002)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.8.1	Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Finding	• The Labour Protection Law provides the legal framework for the occupational health and safety system in Latvia. This includes the rights and obligations of an employer and an employee in creating and ensuring a working environment, which is safe for occupational health. The Law also establishes principles of occupational health and safety system in organizations, sets the procedure for challenge proceedings, and the liability for violation of the occupational health and safety requirements. Implementation of Occupational Health and safety legislation is monitored and controlled by the State Labour Inspectorate. The State Labour Inspectorate collects data on work related accidents and regularly monitors and reports occupational health and safety compliance statistics for companies in different sectors of economy. • According to State Labour Inspectorate data, wood processing industry ranks top 3 industries with accidents at the workplace. Other top industries with regard to injuries at work are transport and construction businesses. During the last 5 years, the total number of accidents at workplace has been in the range of 140-160 accidents per year, including 20-22 heavy injuries and 2 cases with lethal outcome. Wood harvesting and silviculture industry with 20-25 accidents per year ranks 20 in the top 20. According to statistical data, timber harvesting and

silviculture sector accounts for 6-7 major injuries per year. In 2012 there were 4 lethal injuries, however in 2013 there was none. In absolute terms wood processing industry accounts for 9-10% of all registered injuries at work place and timber harvesting and silviculture sector - 1-2%.

- The State Labour Inspectorate reports that main issues related to the implementation of the occupational health and safety legislation in the forestry and wood processing sector companies are: companies lack trained occupational health and safety specialists (39% of verified companies); companies do not undertake physical and chemical measurements of risk factors (49% cases); work equipment is not safely used and maintained; employees do not use provided personal protective equipment (PPE), suggesting lack of supervision by employer; and employees do not take the compulsory medical examination (40% cases).

- Most of the administrative fines applied to companies operating in forestry and wood processing sector are related to avoiding compulsory health examinations; failure to document regular equipment maintenance; failure to equip moving parts of work equipment with safety devices; failure to prepare an occupational health and safety action plan; failure to inform employees about risk factors and risk assessment at workplace.

- The overall rate of serious injuries per 100,000 workers in 2013 in Latvia has increased in the last 5 years by 46%, totalling to 201 cases in 2013. Similarly, the rate of heavy injuries has increased 38% in last 5 years. The rate of death cases has been fluctuating in range from 3-3.67 cases per 100 000 persons employed in last 5 years. The average incident rate (number of accidents in relation to the 100 000 persons employed) in 27 European Union countries in 2011 was 1.94. According to Eurostat data, Latvia ranked 25th in 27 EU states with regard to number of fatal accidents at work (incident rate per 100 000 persons employed) in 2011. It has to be noted that the rate of heavy injuries and death cases has decreased slightly in 2013 compared to 2012.

- A recent report on work conditions and occupational health issues (Work Conditions and Risks in Latvia, 2012-2013) surveyed health disorders that have been caused by the occupational hazardous factors (for example, noise, vibration, dust, chemical substances etc.) in opinion of workers. Comparing with the survey of 2010 in 2013 number of the respondents considering they have health disorders caused by occupational hazardous factors has grown by 2%,

whereas number of the respondents considering they do not have any kind of such disorders has decreased by 6% thus equalling with the level of 2006. Most frequently, health disorders were mentioned by employees from the sector of manufacture of textile and clothing products in the survey of 2013, the agriculture and forestry sector being mentioned as third highest (27.9%). In the survey of 2013 the highest rates of the respondents indicating that they have not received information on hazardous factors of their workplaces are among companies dealing with manufacture of wood, products of wood and cork and of furniture (in 2013 – 25.3%, in 2010 – 21.6%), agriculture and forestry (in 2013 – 20.6%, in 2010 – 22.3%).

- According to the report (Work Conditions and Risks in Latvia, 2012-2013), legal requirements regarding labour relations and legal labour relations are not followed more frequently in companies operating in fisheries, agriculture and forestry sector (considered risk groups) as well as in companies located in Riga and Zemgale regions and private sector companies in general.

- Commercial entities operating in forestry sector, working in certified PEFC/FSC FM/COC certified forest operations as subcontractors are monitored both by the forest managers, and accredited FSC certification bodies. Logging companies providing logging services for FSC certified operations are considered being at low risk in relation to occupational health and safety requirements due to periodic verification by both the contracting company and 3rd parties – certification institutions.

- Given the aforementioned arguments, “specified risk” is proposed for these indicators targeting companies working in non-certified forests, primarily – private owned forests.

- The arguments for the above mentioned risk evaluation was discussed during the stakeholder consultation process. Stakeholders support specifying “low risk” to this indicator. Arguments for “low risk” include the fact of increasing mechanization of harvesting works, i.e. majority of harvesting works are carried out with forestry machinery. In particular, up to 80% of harvesting works are carried out with mechanical means. Secondly, it is pointed out that there is regulatory framework in place and strong enforcing mechanisms established with regular inspection and controls at workplace. The statistical data has been provided by the industry showing decreasing trend in lethal accidents in forestry sector since 2010 and no lethal accidents at workplace in 2013. Thirdly, rapidly

developing trade and professional education is mentioned as a contributing factor to reducing of number of accidents at workplace in the forestry sector.

- There have been objections to using the health and safety statistics data by Eurostat (number of accidents at workplace per 100k inhabitants) showing rather poor situation in the country in comparison with other EU countries. In the view stakeholders, general Eurostat data alone cannot be used for characterization of situation with health and safety issues in the forestry sector and extrapolating general, national data to particular sector. In the case of forestry sector, a more appropriate comparison in the opinion of stakeholders would be comparison of a number of cases of accidents per number of workers in the industry or volume of harvested timber.

- Issues were discussed in line with relevant information regarding work conditions and occupational health issues from an NGO perspective compiled in the report (Work Conditions and Risks in Latvia, 2012-2013, Employers' Confederation of Latvia, "TNS Latvia Ltd." and Institute for Occupational Safety and Environmental Health of Rīga Stradiņš University). Common health and safety issues outlined in the report are underreporting of accidents, forestry and agriculture being among sectors of highest number of health disorders caused by occupational factors, forestry and agriculture sectors mentioned among sectors with highest risk of not following labour legislation. Stakeholders did not agree to the information provided in the report due to lack of data on forestry sector specifically.

- In response to the stakeholder comments additional consultancy was carried out in order to seek for forestry sector specific data and opinion on occupational health and safety issues. The Latvian Confederation of Employers and the Institute for Occupational Health and Safety at Rīga Stradiņš University have been contacted to obtain data on forestry sector. The thematic report on forestry sector was provided and used as a main source of additional information.

- The thematic report addresses occupational health and safety issues in the forestry sector. The forestry sector is considered economy sector 02 Forestry and harvesting according to NACE v.2 classification and includes following subsectors: 02.1 Silviculture and other forestry activities; 02.2 Harvesting; 02.3 Collection of forest products; 02.4 Supporting activities in forestry. The report is based on both forest sector employer and employee survey and available data. 52

commercial entities have been surveyed as a part of the survey. The report provides analysis of distribution and trends of occupational health risk factors, including: capacity of companies and external services used with regard to occupational health and safety; OH&S risks in the view of employers and employees; investments in OH&S in the view of employers and employees; risk minimisation measures; results of measurements of occupational environment in commercial entities; analysis of accidents at workplace and analysis of occupational diseases

- The following issues analysed in the report are considered relevant in relation to the risk assessment.
- The total registered number of accidents per 100 000 employed in forestry sector in last decade has decreased significantly. In particular, the number of accidents has fallen sharply in 2008 and 2009 - from 519.2 cases per 100 000 employed in 2007 to 126.0 cases per 100 000 employees in 2009. In 2010 growth was experienced and reached 254.5 registered cases per 100 000 employees in 2012. The number of accidents by 2007, these figures is smaller and generally exhibits a downward trend.
- A similar situation is observed in relation to heavy accidents. The bottom of registered number of cases was observed in 2009 - 14.0 cases per 100 000 employees, but already in 2010 a sharp increase was observed. In 2012 63.6 serious accidents per 100 000 employees were recorded. This however is relatively low compared to the number of accidents in 2007. According to the report number of heavy accidents in forestry industry remains high.
- A different situation is observed with respect to fatal accidents. In this area, the situation in opinion of authors is by far less optimistic because the rate of fatal accidents - fatalities per 100 000 employees remain relatively high. The number of fatalities is the highest among all industries. In recent years, the death toll in the forestry industry has been rather volatile (explained by the small absolute numbers of fatal accidents). In 2010 there were 6 fatal accidents registered (83.7 cases per 100 000), in 2011 - 3 cases (35.8 cases per 100 000); and in 2012, 4 fatal cases (42.4 cases per 100 000 employed). In year 2013 there have been no fatal accidents at work place in the forestry industry.
- On the other hand the report concludes that analysis of dynamics of total number of accidents in forestry sector compared to other sectors exhibits more rapid decrease in the number of accidents than in any other sector in Latvia as a

whole.

- According to the opinion of employees of companies working in the forestry sector the occupational health risk factors differs from the health risk factors general structure of the work environment. Evaluation of risk factors mentioned by employees, most of the risk factors are mentioned in either the same frequency as the average in the country or more often (in several cases even 2-3 times more often), which in the view of authors of survey shows that forestry belong to high-risk sectors with diversified OH risk factors. Compared to previous surveys, only few factors are referred less frequently than average in the country. Risk factors that are mentioned less frequently are: direct contact with people who are not employees, high temperature, work with computer, electromagnetic field radiation and shift work.

- It is reported that the overall situation with the employee information on a variety of labour protection issues in the forestry sector has improved. Progress in awareness of occupational health and safety issues by employees working in the forestry sector has been noted. By contrast, less than in average cases workers have pointed out the availability of information on how to act in emergency situations and familiarize themselves with the safety instructions. A significant decrease has been observed in the number of employees who think that information on occupational health and safety issues is not relevant in their work.

- Survey of employees shows that only few OH&S measures have been implemented more frequently in the forestry sector than in the average in the country, i.e. supplying working clothes and personal protective equipment, working environment risk assessment and vaccination. In turn, the dynamics over the years show increasing trend in purchasing/replacing of firefighting equipment, supplying workers with work clothes and personal protection means; mandatory health examinations; assessment of work environment risk factors; securing workers health insurance. The rest of the OH&S measures do not show any particular trend.

- With regard to using of personal protective equipment and means, the overall conclusion is that the situation is improving. The survey shows more respondents understand the need to use personal protective equipment, but in terms of their use no specific changes are observed. The ratio of actual use of personal protective equipment in the forestry sector is slightly below the average in the

country. 29% employees do not consider personal protective equipment as a mean to prevent and minimise occupational health and safety risk factors at workplace.

- With regard to assessment of occupational environment it is reported that in 52% cases the occupational environment risk factors do not meet the recommended or permissible occupational health and safety standards and norms as a whole from measurements made in 932 workplaces/processes. Occupational health risk factors that are most often exceeding recommended or permissible norms: noise - 72%, lighting - 61%, microclimate parameters (moisture - 34% , temperature - 48%, air velocity/exchange - 72%), welding fumes - 70%, manganese - 25% and abrasive dust - 35%.

- Authors of the survey note the relatively few occupational environment measurements at workplace in the forestry sector companies. In the view of the authors of the study, it could be linked to low perception of significance of quality of occupation environment by employers. It is also suggested that the industry is not fully aware of the importance of occupational environment measurements, as well as preventive measures to be taken (including mandatory health checks) in the context of occupational risk assessment. Self-employment is mentioned as contributing risk factor since self-employed persons are considered being at higher risk with regard to not following OH&S legal requirements compared with other type of entrepreneurship forms.

- Situation with regard to occupational diseases analysed in the report cannot be directly evaluated for the purpose of the risk assessment since data are compiled for forestry and agriculture sectors combined.

- The overall conclusions regarding the occupational health and safety situation in the forestry sector:

- Accidents at the work place in the forestry sector per 100,000 employed in recent years compared to previous surveys remain relatively stable and in general are evaluated as medium high. However, the situation with regard to the heavy and fatal accidents is considered poor because the number of heavy and fatal accidents is still very high. In addition, the authors of the study outline the fact that companies in the forestry sector are very likely underreporting minor accidents happening in the workplaces, since the number of minor accidents is not correlating with the number of serious accidents, thus the total number of accidents should be higher than reported. It is concluded, that with regard to the

	number of accidents at the workplace, the forestry sector is still regarded as a priority sector. It is recommended that the State Labour Inspectorate should carry out regular thematic checks in the forestry sector. • The wood processing industry sector on the contrary to the forestry sector ranks top 3 of the industries with the highest number of accidents at the workplace. Wood processing accounts for 10% of all registered injuries at the workplace. However, despite the fact that biomass processing industry utilize a substantial share (e.g. up to 50%) of the primary feedstock originating from the wood processing industry, the occupational health and safety issues within the wood processing industry are not considered in the scope of the indicator. • The outcome of the stakeholder consultation process along with the fact that health and safety issues from primary and secondary wood processing are not included in the scope of the assessment are in favour for designating "low risk" to this indicator. But taking into consideration outcomes of the forestry sector company survey and opinion of professional OH&S institutions, the risk level cannot be specified "low risk" for all operations in the forestry sector as the situation may vary significantly among the companies working in the forestry sector. • Low risk can be considered for: • • companies working as subcontractors for certified forest managers and are routinely checked for OH&S issues or are implementing quality management systems in relation to OH&S issues (OHSAS 18001 for example); • • harvesting works are carried out exclusively with forest machinery (harvesters and forwarders). • "Specified risk" is considered for: • Harvesting works carried out by manual harvesting means (chainsaws) in non-certified forests. Special focus shall be paid to self-employed persons and workers of microenterprises. •
Means of Verification	• Existing legislation; • Level of enforcement;

	• Supply contracts; • Records of BP's field inspections; • Monitoring records; • Interviews with staff, stakeholders.
Evidence Reviewed	Laws: • The Labour Protection Law (20.06.2001) • The Labour Law (20.06.2001) • Plant Protection Law (17.12.1998) Normative Acts: • Cabinet Regulation No.310 "Labour Protection Requirements in Forestry" (02.05.2012) • Cabinet Regulation No.372 "Labour Protection Requirements When Using Personal Protective Equipment" (20.08.2002) • Cabinet Regulation No.189 "Labour Protection Requirements when coming into Contact with Biological Substances" (21.05.2002) • Cabinet Regulation No.378 "Procedures On Calculation, Financing and Disbursement of Work Injury Compensation" (23.08.2001) • Cabinet Regulation No.66 "Labour Protection Requirements for Protection of Employees from the Risk Caused by the Noise of the Work Environment" (04.02.2003) • Cabinet Regulation No.284 "Labour Protection Requirements for the Protection of Employees from the Risk Caused by Vibration in the Work Environment" (13.04.2004) • Cabinet Regulation No.325 "Labour Protection Requirements when Coming in Contact with Chemical Substances at Workplaces" (15.05.2007) • Cabinet Regulation No.660 "Procedures for the Performance of Internal

Supervision of the Work Environment" (02.10.2007)

- Cabinet Regulation No.950 "Procedures for Investigation and Registration of Accidents at Work" (25.08.2009)
- Cabinet Regulation No.359 "Labour Protection Requirements in Workplaces" (28.04.2009)
- Cabinet Regulation No.713 "Regulations Regarding Procedure for Providing Training on First Aid and on Minimum of Medical Materials in First Aid Kits"(03.08.2010)
- Cabinet Regulation No.803 "Labour Protection Requirements in Contact With Carcinogenic Substances in the Workplace" (10.03.2009)
- Cabinet Regulation No.749 "Regulations Regarding Training in Labour Protection Matters" (10.08.2010)
- Cabinet Regulation No.344 "Labour Protection Requirements, when Moving Heavy Loads" (06.08.2002)
- Cabinet Regulation No.526 "Labour Protection Requirements when using Work Equipment and Working at a Height" (09.12.2002)
- Cabinet Regulation No.1064 "Procedures for Classification, Labeling and Packaging of Plant Protection Products" (28.12.2004)
- Cabinet Regulation No. 950 ""On Using and Handling of Plant Protection Products"" (13.12.2011)

Reports:

Pētījums "Darba apstākļi un riski Latvijā, 2012-2013", Latvijas Darba Devēju konfederācija, SIA TNS Latvija, Rīgas Stradiņa universitātes Darba drošības un vides veselības institūts, 2014;

Pētījums "Darba apstākļi un riski Latvijā, 2012-2013", tematiskie pielikumi: mežsaimniecība, Latvijas Darba Devēju konfederācija, SIA TNS Latvija, Rīgas Stradiņa universitātes Darba drošības un vides veselības institūts, 2014;

Valsts darba inspekcijas gada pārskati (2013. gada darbības pārskats , 2012. gada darbības pārskats , 2011. gada darbības pārskats , 2010. gada darbības pārskats);

	Valsts darba inspekcijas ziņojumi Starptautiskajai Darba organizācijai (ILO) par Valsts Darba inspekcijas darbības rezultātiem (2013. gada ziņojums, 2012. gada ziņojums, 2011. gada ziņojums, 2010. gada ziņojums)
Risk Rating	☐ **Low Risk** ☒ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	Verifiers: - All occupational health and safety regulations shall be followed and all required safety equipment shall be used; - Occupational health and safety requirements shall be observed by all personnel involved in harvesting activities; - Interviews with staff and contractors shall confirm that legally required OH&S protection equipment is required/provided by the organization; - requirements on quality of occupational environment shall be followed and shall be verified through monitoring/inspection reports (when applicable). CONTROL MEASURES 1. Can the products be traced back to the logging company responsible for conducting the harvest operation? 1.1 If yes, go to 2. 1.2 If no, the products cannot be sourced. 2. Does the logging company have a recognized third party certification system covering health and safety procedures such as OHSAS or contractor certification? 2.1 If yes, the wood can be accepted 2.2 If no, go to 3 3. Does the logging company have a valid contract with FSC FM/CoC-certified operation for providing logging services? 3.1 If yes, the wood can be accepted 3.2 If no, go to 4. 4. Does the logging company uses forest machinery for harvesting works? 4.1 If yes, the wood can be accepted 4.2 If no, go to 5.

	5. Does the logging company have health and safety procedures in place that ensure that all staff involved in the logging operation have all required personal protection required by the legislation? 5.1 If yes: go to 6. 5.2 If no: go to 9. 6. Does audit of ongoing operational sites confirm that staff have all legally required personal protection equipment? 6.1 If yes, the material can be sourced. 6.2 If no, go to 9. 7. Does the logging company agree to observe legally required health and safety requirements and audits by a representative of the organization? 7.1 If yes: go to 8. 7.2 If no: The material cannot be sourced 8. Does field audit verify compliance with health and safety requirements? 8.1 if yes, the material can be sourced as controlled material. 8.2 if no, the material cannot be sourced. 9. Does the logging company agree to establish procedures that ensure that all health and safety requirements in connection with forest harvesting are observed? 9.1 If yes, go to 8. 9.2 If no, the material cannot be sourced.

	Indicator
2.9.1	Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	• The high and increasing soil carbon stocks are considered to be in bogs, mires and valuable habitats in mature forests on organic soils. The bogs and mires, which have high biological value, according to Latvia legislation have protection regime. There are restrictions of management activities in forest stands surrounding biologically valuable mires and bogs to reduce potential impact on

	the valuable habitats. • The forest operations shall be planned and implemented following the requirements set up in the Regulations of Cabinet of Ministers on tree felling in forest. The Nature protection regulations in forest management, Law on Environmental Protection and Species and Habitat Protection Act sets specific rules for management of protective and protected forests, including seasonal or continuous restrictions to extract biomass in order to protect valuable habitats and to secure sustainable and harmonized implementation of forest ecosystem services. The forest resource monitoring data indicates that during the last decade no significant artificial changes occurred in the protected areas, where the high carbon stocks are stored (wetlands, peat lands and protected mature forests on organic soils); therefore, no biomass could be sourced from areas that had high carbon stocks in January 2008. The artificial changes of carbon stock in bogs, mires and mature forests stands on organic soils protected under various protection regimes can be identified in the forest inventory data and information available in LSFRI Silava on request. These areas are clearly indicated and known to forest owners and managers. • The risk can be considered as low for this indicator.
Means of Verification	• Maps, procedures and records • Regional, publicly available data from a credible third party • The existence of a strong legal framework in the region
Evidence Reviewed	• Forest law "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Law on Environmental Protection, "Latvijas Vēstnesis", 183 (3551), 15.11.2006. • Cabinet of Ministers Regulations “On Sustainable forest management evaluation procedures”, "Latvijas Vēstnesis", 97 (4903), 22.05.2013. • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest”, "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Nature protection regulations in forest management, "Latvijas Vēstnesis", 203

	(4806), 28.12.2012. • Species and Habitat Protection Act, "Latvijas Vēstnesis", 121/122 (2032/2033) **Risk at**
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified**
Comment or Mitigation Measure	

	Indicator
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term
Finding	• According to the procedures approved by the ministry of Environment protection and regional development on National system of accounting of emission units of greenhouse gases related to land use, land use change and forestry (LULUCF) sector, the LSFRI Silava and Ministry of Agriculture is responsible for carrying out the accounting of greenhouse gas emissions and CO2 removals in LULUCF sector, including reporting of forest management, afforestation and deforestation activities according to Articles 3.3 and 3.4 of the Kyoto protocol. The results of the inventory of the last decade indicate that the LULUCF sector is net CO2 sink. Since 2008 the living biomass in forest land annually absorbs about 5.8 million tons of CO2. The methodology for calculation of the GHG emissions and CO2 removals in LULUCF sector in Latvia are based on tier 2 and tier 1 according to the IPCC GPG 2006 and its Wetlands Supplement (2013). The information on the GHG emissions and CO2 removals are available from the UNFCCC website. Several scientific studies have been conducted in order to examine the land use structure and GHG emissions in Latvia since 1970. The most evident research activity targeted to improvement of the GHG inventory is the Forest sector competence center funded project on evaluation of impact of forest management on GHG emissions and CO2 removals (2011-2015). The carbon stock in living biomass in forest land in Latvia in 1990-2008 increased from 164 mill. tons in 1990 to 236 mill. tons in 2008. Considerable increase of carbon stock takes place also in dead wood and harvested wood products carbon pools. Forest

	inventory data in Latvia is available since 2004; the stand wise inventory data are available since beginning of 20th century; however, they are not always consistent and complete. A research project is implemented in 2009-2010 to extrapolate the national forest inventory data to 1990, including deforestation and afforestation activities. The national forest inventory includes land use change, forest coverage, increment, mortality and commercial use of forest resources. The summaries of the National forest inventory are available on the website of the LSFRI Silava. The National forest inventory indicates that the total forest coverage is increasing; the sum of mortality and annual felling is smaller than the forest increment. However, share of mature forest stands with reduced annual increment is increasing, noting that in future mortality and felling stock might become larger than the annual increment, even in the felling stock is considerably reduced. The nature conservation activities, like conversion of drained forest lands to naturally wet forests will also considerably increase CO2 and CH4 emissions from forests due to increase of natural mortality and an increase in the share of poorly aerated forest soils. Currently felling stock is about 76%, if compared to the annual increment, except natural mortality. In the future, the felling stock and mortality will be higher than annual increment due to the aging of forests; however, forest regeneration following to the final felling will boost the removal of CO2 in forests due to implementation of the climate change mitigation and adaptation targeted measures. The statistical information about forest carbon stock changes is calculated using the national forest inventory and the forest soil monitoring data. The analysis of the last decade (2003-2012) shows that the gross mean annual increment (including mortality) in forest in Latvia was 26.2 mill. m^3, average felling stock, including deforestation – 13.9 mill. m^3, natural mortality – 5.8 mill. m3 and the net accumulation – 6.5 mill. m^3 annually. The main planning document is the forest management plan. The Forest Law defines rules of preparation of the forest management plans, defining procedures for preparation, approval and update of forest management plans. Forest management plans are prepared for a 10 years period and include forest inventory data and a description of the proposed management activities. Information of the forest management activities as well as the stand wise inventory data is stored in the State forest service maintained Forest register database. Taking into account information available in the Stand wise forest register and the National forest inventory there is no indication that forest activity could cause damage and negatively impact the forests potential to remove CO2 from the atmosphere.

Means of Verification	• Results of analysis • Regional, publicly available data from a credible third party • The existence of a strong legal framework in the region.
Evidence Reviewed	• Law on Forest "Latvijas Vēstnesis", 98/99 (2009/2010), 16.03.2000; • Cabinet of Ministers Regulations Nr. 217 “On National system of Accounting of Emission Units of Greenhouse Gases”, "Latvijas Vēstnesis", 52 (4655), 30.03.2012. • Cabinet of Ministers Regulations Nr. 97 on Sustainable forest management evaluation procedures ("Latvijas Vēstnesis", 97 (4903), 22.05.2013. • National forest monitoring rules, "Latvijas Vēstnesis", 55 (4658), 05.04.2012. • Cabinet of Ministers Regulations Nr. 935 “On tree felling in forest” "Latvijas Vēstnesis", 203 (4806), 28.12.2012. • Cabinet of Ministers Regulations Nr. 67 “On forest management plan”, "Latvijas Vēstnesis", 26 (5085), 06.02.2014.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

	Indicator
2.10.1	Genetically modified trees are not used
Finding	• The National Programme on Biological Diversity outlines principal aims and objectives related to the using of genetically modified organisms in forestry. In particular programme calls for "Promoting conservation of Latvian forest genetic resources.(13.8.3)" and "Avoiding the use of genetically modified trees" (13.8.4). The main legal acts related to the use of GM trees in Latvia are as follows: The Law on Environment Protection, The Law on circulation of GMO, Regulation on Forest Reproductive Material. The Law on Circulation of GMO establishes the principal areas of activities involving genetically modified organisms and products, state management and regulation. The Law outlines the rights, duties and responsibilities of genetically modified organism and product users. The Law applies to all natural and legal persons who are importing, placing on the market, using, deliberately releasing GMO into the environment as well as those involved in testing, researching and other activities involving genetically modified organisms and products. • Use of genetically modified reproductive material for commercial use is not banned according to Cabinet of Ministers regulations No. 159 "On Forest Reproductive Material". There is no evidence or facts provided by the responsible institutions about known or suspected use of GM trees in the country. According to the latest available FAO study (""Preliminary review of biotechnology in forestry, including genetic modification"", 2004. (available at http://www.fao.org/docrep/008/ae574e/ae574e00.htm) Commercial use of GM trees is not practiced in the country. • The state authorities responsible for controlling the use of GMO do not possess any information or evidence of unauthorized or commercial use of GM trees in Latvia. The State Plant Protection Agency, responsible for the management of registering of seeds/reproductive material - every registered seed shall be provided with information. There are no genetically modified seeds included in this register. The same way there are no any natural or legal persons cultivating genetically modified organisms in Latvia according to the register data. • The risk can be considered as low for this indicator.

Means of Verification	Reference sources, interviews and records show that GMOs are not used.
Evidence Reviewed	• http://lv.biosafetyclearinghouse.net • National Programme On Biological Diversity Laws: • Law on Circulation of Genetically Modified Organisms (19.12.2007) (http://likumi.lv/doc.php?id=167400) Normative Regulations: • Cabinet of Ministers Regulations Nr. 159 (26.03.2013) ""On Forest Reproductive Material""; (http://likumi.lv/doc.php?id=256258) Paragraph 4 "Requirements for marketing and use of the reproductive material (including genetically modified material), procedures and protocols related to prohibition of the sale of the reproductive material." • Law on Circulation of Genetically Modified Organisms (19.12.2007) (http://likumi.lv/doc.php?id=167400) • Cabinet of Ministers Regulations Nr. 159 (26.03.2013) ""On Forest Reproductive Material""; (http://likumi.lv/doc.php?id=256258) Other resources • Preliminary review of biotechnology in forestry, including genetic modification"", 2004. (http://www.fao.org/docrep/008/ae574e/ae574e00.htm) • The register of genetically modified crop growers (http://www.vaad.gov.lv/sakums/registri/genetiski-modificetie-organismi/genetiski-modificeto-kulturaugu-audzetaju-registrs.aspx)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at**
Comment or Mitigation Measure	

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