SBP

Sustainable Biomass Program

SBP-endorsed Regional Risk Assessment for Latvia

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Contents

Abbreviations

COC – Chain of Custody

FAO – Food and Agriculture Organisation

FM – Forest management

FMU – Forest Management Unit

FSC – Forest Stewardship Council

FSC CNRA – FSC Centralised National Risk Assessment

FSC CWTC - FSC Controlled Wood Technical Committee

FSC NRAF – FSC National Risk Assessment Framework

GMO – Genetically Modified Organism

HCV – High Conservation Value

HCVF – High Conservation Value Forest

ILO – International Labour Organisation

IMF – International Monetary Fund

LVM - AS Latvijas Valsts Meži (Latvian State Forest Enterprise)

MOF – Ministry of Finance

NGO – Non-governmental Organisation

PEFC – Programme for the Endorsement of Forest Certification

RA - risk assessment

RRA – Regional Risk Assessment

SECC – Shadow Economy Combating Council

SRS – State Revenue Service

SBE – Supply Base Evaluation

SBP – Sustainable Biomass Program (formerly Sustainable Biomass Partnership)

VAT – Value Add Tax

WB – Working Body

WKH – Woodland Key Habitat

Foreword

Regional Risk Assessments (RRAs) are a key part of SBP's focus on identifying and mitigating risks associated with sustainably sourcing feedstock for biomass pellet and woodchip production. The SBP certification system is designed to provide assurance that feedstock is sourced legally and sustainably.

Feedstock certified at the forest level through FSC® or PEFC schemes is considered SBP-compliant. All other feedstock must be evaluated using a risk-based approach if it is to count towards an SBP-compliant claim.

Typically, the Biomass Producer – a pellet or woodchip producer – is responsible for carrying out the risk assessment and putting in place mitigation measures to manage any specified risks such that the risks can be considered to be controlled and hence low risk. It is the role of an independent, third-party Certification Body, approved by SBP, to check that the feedstock evaluation has been correctly undertaken and that any mitigation measures are being effectively implemented.

The purpose of an RRA is to evaluate an entire geographic region and determine the risks associated with sourcing feedstock for biomass pellet or woodchip production from that region. Thus, the need for individual Biomass Producers to conduct risk assessments is avoided and, therefore, consistency between Biomass Producers' risk assessments guaranteed. The SBP RRA procedure also ensures active engagement with a diverse range of stakeholders in the region.

The SBP Regional Risk Assessment Procedure specifies the requirements and processes that must be followed in order to develop and endorse SBP risk assessments for regions or countries.

The Procedure requires that a Working Body (WB) be appointed by SBP to conduct an RRA. Having sufficient, suitably qualified staff to perform the risk assessment, demonstrated competence with the SBP Framework, and relevant knowledge of the language, laws and customs, NEPCon was appointed as the WB responsible for conducting the RRA for Latvia. A team of NEPCon national and international experts facilitated the risk assessment work. The main coordinator of the risk assessment was NEPCon Forest Management lead auditor and project manager, Girts Karss. Several stakeholders were consulted in the process and information was obtained from verbal and written public and private sources.

1 Introduction

The objective of this project was to conduct a risk assessment in accordance with the Sustainable Biomass Program (SBP) Standard 1: Sustainable Feedstock Standard, Version 1.0, March 2015 for Latvia. Since there is significant overlap between FSC Controlled Wood risk assessment criteria and SBP criteria, this SBP risk assessment relied largely on the field test of the FSC risk assessment guidelines, which was carried out by NEPCon in 2014 focusing on establishing National Risk Assessment Frameworks (NRAF) produced by the FSC Controlled Wood Technical Committee (FSC CWTC). The output from this process was the FSC Centralised National Risk Assessment (CNRA), a draft of which can be found at: http://www.globalforestregistry.org/NEW/related_files/download_related_file/189. The focus of this (SBP) risk assessment (RA) was additionally on criteria included in the SBP standard, which were not covered by the FSC CNRA draft. However, the relevant findings and results of the CNRA have been reflected in this project.

The development of the CNRA was facilitated by NEPCon Latvia staff, supplemented by NEPCon international staff with experience in sustainable biomass certification, and other industry experts.

The RA is based on a number of information sources, including applicable legislation, reports from state authorities and other stakeholders, various database information and statistical data sources. During the preparation of the RA, a detailed baseline study for each of the SBP principles and criteria was developed. A summarised description of the situation for each criterion will be presented along with the chosen risk level, which is based on the provided information.

1.1 SBP RRA comparison with FSC CNRA

Worthy of specific mention is the comparison of the SBP RRA for Latvia with the FSC CNRA for Latvia; there are different outcomes for some of the risk ratings for similar indicators, see summary below:

SBP Indicator	Description	Risk Rating	FSC Indicator	Description	Risk Rating
1.3.1	The Biomass Producer has control systems and procedures to ensure that feedstock is in compliance with EUTR legality requirements	**Low**	1.21	Legislation requiring due diligence/due care procedures *(EUTR Implementation)*	**Specified**
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	**Low**	1.6	Value added taxes and other sales taxes	**Specified for private forest (Low for state forest)**
			1.7	Income and profit taxes	**Specified**

2.1.1	The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped	**Specified**	**Category 3: Wood from forests where HCVs are threatened by management activities has not been completed**		
2.1.2	The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them	**Specified**	**Category 3: Wood from forests where HCVs are threatened by management activities has not been completed**		
2.8.1	The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers	**Specified**	1.11	Health & Safety	**Specified**

SBP low risk ratings

The FSC CNRA for Latvia rates three Category 1 indicators (namely, 1.21, 1.6 and 1.7) as specified risk. These indicators are comparable to SBP indicators 1.3.1 and 1.4.1. which are rated a low risk. The justification for the difference in ratings is provided below.

SBP Indicator 1.3.1

It should be noted that the FSC CNRA Category 1 indicators were evaluated prior to the SBP RA and the information relied on to arrive at a specified risk rating in the FSC CNRA is now outdated.

During the SBP RRA stakeholder consultation, discussions were held with the State Forest Service, which is the institution with responsibility for the implementation of the EU Timber Regulation. It was concluded that national legislation and the more recent commitment to the resourcing and implementation of the EUTR requirements supported a low risk rating.

It is understood that FSC is currently reviewing the risk status for FSC indicator 1.21 with a view to reflecting the recent developments in implementing the requirements of EUTR. It is believed that developments in strengthening the legal and institutional framework since 2015 have sufficiently addressed issues outlined in several studies regarding the progress of EUTR implementation (WWF Government Barometer study 2014, EU Commission reports) and have positively contributed to due diligence/due care procedures, particularly those related to EUTR, so to merit the designation of low risk for this indicator. Thus, it is expected that risk levels for SBP indicator 1.3.1 and FSC CNRA indicator 1.21 will be ultimately aligned.

SBP Indicator 1.4.1

It should be noted that, unlike SBP indicator 1.4.1, FSC CNRA Category 1 differentiates between VAT (indicator 1.6) and income and profit taxes (indicator 1.7). A low risk rating for the VAT aspect of the SBP indicator can be justified on the basis of a number of existing legal instruments in operation in the forest sector. A rating for income and profit taxes is much more difficult to evaluate due to the lack of documented evidence.

The general lack of forest sector-specific data related to the shadow economy and tax evasion provided the main objection to the low risk rating assigned by the WB for this SBP indicator. However, stakeholders representing the biomass processing sector countered with objections to extrapolating general, nationwide, cross-sectoral data to the forestry sector.

Those stakeholders argued that a high proportion of the shadow economy cannot be directly applied to the forestry sector. Extrapolation to the timber harvesting/forestry sector was thought to be “rather questionable and ambiguous” and further that sector-specific data would be necessary to justify the rating as specified risk. However, no national level forest sector-specific data on the shadow economy is available.

Further, those same stakeholders noted several initiatives designed to combat tax evasion and the contribution of the forestry and timber processing sectors to the shadow economy, for example, application of reverse payment of Value Added Tax, relatively low threshold of Personal Income Tax; exclusion of Personal Income Tax from timber sales revenues that are invested in forest regeneration, and independent third party roundwood measurement/surveying in major sawmills.

Following further consultation and information-gathering involving stakeholders, expert and competent institutions, including additional information from the Ministry of Economy and State Revenue Service (Valsts Ieņēmumu dienests) related to the National Plan on Fighting the Shadow Economy, further evaluation of the indicator was undertaken. It was determined that the trend in developments was positive, most notably:

- the government’s fight against the shadow economy;
- a lack of information from state authorities on substantial violations of tax legislation in the forestry sector;
- the questionable contribution of the forestry sector to the shadow economy; and
- results from enforcement institutions in combating the shadow economy.

It was concluded by the WB that, in the absence of sector-specific data, the above developments alongside the representations made by stakeholders were sufficient to assign a low risk rating to the SBP indicator in the RRA.

SBP specified risk ratings

The SBP RRA recorded a total of three specified risk ratings, as follows:

- indicators 2.1.1 and 2.1.2, which relate to controls and procedures required for the management of high conservation forests; and
- indicator 2.8.1, which relates to appropriate safeguards to protect the health and safety of forest workers.

For two of the indicators there is currently no direct equivalent in the FSC CNRA, whereas the third can be more closely compared. Further explanation is given below.

SBP Indicators 2.1.1 and 2.1.2

High conservation value categories in the FSC CNRA, Categories 1 (private owned and municipal forests, mature and over-mature forests/stands), 3 (private owned and municipal forests) and 6 (privately owned and municipal forests), are rated as specified risk. FSC is currently (July-August, 2017) in the process of approving the FSC CNRA for Latvia Category 3 (wood from forests where high conservation values are threatened by management activities).

On the basis that FSC assigns specified risk to high conservation value forest, the assignment of the same level of risk to the SBP indicator was considered, by the WB, to be justified.

SBP Indicator 2.8.1

SBP indicator 2.8.1 is comparable with FSC Controlled Wood Category 1, indicator 1.11 (Health and Safety), which the FSC CNRA rates as specified risk for all harvesting activities, including mechanised harvesting works, which are defined as low risk operations in SBP RRA. In the FSC CNRA revision process, it is planned to narrow down the specified risk designation so as they apply to harvesting works carried out by manual means in non-certified forests only. Therefore, it is believed that the risk designations of the SBP RRA for Latvia and the FSC CNRA will be aligned in relation to this indicator.

2 Scope and regional background

The scope of this risk assessment (RA) is restricted to Latvia´s national territory. The length of Latvia's state border is 1,840 km in total. The length of the country's sea border is 490 km, while the land border is 1,350 km. Latvia borders four countries: Estonia to the north (343 km), the Russian Federation to the east (276 km), Belarus to the south-east (161 km) and Lithuania to the south (576 km). Latvia has a territorial area of 64,600 km^2. See the map in Figure 1. The natural conditions in Latvia are determined by its geographical position on the western part of the Eastern European plateau. An important factor influencing Latvia's natural diversity is the country's location, which is within a moderate climatic zone of mixed forests. The country is located between the boreal forest zone and the temperate broadleaf forest zone, so is characterised by a rich biological diversity in which the traits of both boreal forest and broadleaf forest nature zones can be observed. The dominant tree species in Latvia are pine (Scots pine), birch (Silver birch, Downy birch) and spruce (Norway spruce). Grey alder, Common aspen and Black alder also cover significant areas of the country. The remaining tree species found in Latvia grows in relatively small areas.

Forests in Latvia occupy 3,020,575 ha or 50% of the total land area. Compared with other European countries, Latvia is among the most forest-rich countries (forests in Europe occupy 33% of the land area on average). The state-owned forests in Latvia occupy 1,495,136 ha (49.5% of the total forest area) while private forests cover an area of 1,525,439 ha (50.5% of the total forest areas). State forests are managed by the state enterprise, AS Latvijas Valsts Meži (LVM).

There are 144,000 private forest owners (physical persons) who manage 32% of the forest area. 14% forests are owned and managed by private legal entities, 46% in total. The rest is owned and managed by the state (49%) or municipalities and state institutions (Ministry of Environment, Ministry of Defence, etc.). The average forest area owned by an individual private forest owner is small; approximately 92% of private forests owners hold no more than 20 hectares (ha) of land.

The country is considered homogenous with regard to SBP risks, just like other forestry and forestry-related risks so no further sub-division is needed. Where differences with regard to forest ownership are identified these are explicitly mentioned under the findings for each indicator.

The Ministry of Agriculture is the responsible government body in the forest sector. The State Forest Service is the subordinated authority under the Ministry of Agriculture and their competencies are monitoring of forest management, use and hunting regulatory legislation compliance, monitoring and enforcing forest fire-fighting and participating in national forest policy development and implementation.

The forest industry accounts for around 20% of Latvian industry's added-value and employs approximately 5% of the total labour force. Around 70-80% of the products are exported, thus influencing the Latvian foreign trade balance in a positive way.

State forests are FSC/PEFC-certified. In addition to the state forest enterprise, six private forest managers are managing forests in accordance with the FSC standard requirements. The FSC-certified area in the country amounts to a total of 1,743,157 ha, including 248,021 ha of private forest land. A total of 210 FSC Chain of Custody certificates are in operation in the country. Some 1,683,641 ha of forest are PEFC-

certified, with 29 companies certified to the PEFC Chain of Custody certification scheme. These figures were correct as of April 2015.

Figure 1. Map of Latvia. Source: Google Maps

3 Methodology

NEPCon has estimated a significant overlap (approximately 50%) between the FSC CNRA and the SBP Feedstock Compliance Standard (SBP Standard 1). This project covers an update of the risk assessment (RA) carried out in Latvia for FSC in 2014 and an assessment of all relevant criteria and indicators of the SBP Feedstock Compliance Standard. The same team which was involved in the FSC field test led the process of this analysis, thus capitalising on work already done. Importantly, the team consulted the key Latvian experts on specific issues related to biomass production through several rounds of stakeholder consultation. A preliminary analysis was undertaken of the different sources of information including applicable legislation, reports from state authorities and other stakeholders, various databases as well as statistical data sources. The first draft of the RA analyses was prepared and sent to other experts in NEPCon for their review and comments, which informed the preparation of the final draft submitted to SBP for endorsement.

The analyses targeted material supplied from Latvia, including the state forest enterprise, AS Latvijas Valsts Meži, municipal forest managers, individual private forest owners, co-operative societies, sawmills and other timber industry entities engaged in importing and/or producing material used for biomass production (that is, feedstock received during timber processing, feedstock from plantations and wood feedstock received from outside forests).

The indicators and criteria related to the forest management practices and environment protection measures were analysed, taking into account only the primary feedstock suppliers in Latvia as they have a direct impact on these criteria. The primary feedstock suppliers form Latvia are: the state forest enterprise, AS Latvijas Valsts Meži (AS LVM), individual private forest owners, municipal forest managers, and co-operative societies. However, the supply base chain and other criteria not directly related to the forest management practice were analysed taking into account not only the primary feedstock suppliers but also other stakeholders such as sawmills and timber industry entities importing, producing and exporting biomass products.

The main biomass products provided for the market can be divided into two groups: pellets and chips. Both can be produced from material delivered by primary wood suppliers from Latvia, such as state forest enterprises, private forest owners and local timber industry entities. In the case of timber industry entities, the material can be mixed with imported material during the production process. The detailed analysis and findings are described in *Annex 1*, while the preliminary conclusions are summarised in the paragraphs below.

The risk assessment procedure follows three steps: a) gathering information; b) risk assessment; and c) establishing provisions for management of risk – risk mitigation measures.

The risk assessment contains evaluation of risks of compliance for SBP indicator requirements at national/regional level. Credible information for risk designation is sought and includes evaluation of regulatory systems and requirements and evidence of compliance with regulatory requirements as well as the stakeholders' opinion on the issue. Reference to independent published sources of information, consultation with experts and discussion with stakeholders are important sources of information for determining the level of risk.

The risk designation is conducted separately for each indicator. Should there be substantial doubt as to the risks associated with different categories of feedstock (e.g. types of controlled wood, certified or certified material, primary secondary or tertiary feedstock), these are evaluated further based on the context and SBP guidance provided.

For each indicator, the rationale for risk designation is provided in relation to the threshold, means of verification, and evidence/information used. For “specified risks”, the types of risk are described in detail. Risk designations consider the scale, intensity and management arrangements. When assessing risk with regards to scale, intensity and management arrangements, the overall impact of these operations on the elements elaborated in the indicators are considered.

The risk for each indicator is rated on the basis of the following:

- an indicator is rated as “low risk” if there is a negligible risk of non-compliance with the indicator, that is, when evidence indicates that the low risk threshold(s) are met, and there is no other information that would lead to a “specified risk” designation;
- all indicators that cannot be classified as “low risk” are rated as specified risk. “Specified risk” is designated when available means of verification do not show evidence that the low risk category is met; or that one of more specific risk area was identified. Mitigation measures are provided for any indicator which is classified as specified risk.

4 Stakeholder consultation

4.1 Stakeholder consultation process

Stakeholder consultation took place from 16 April 2015 to 31 May 2015. The stakeholder consultation process was concluded with a workshop, organised in cooperation with the association of Latvian biomass producers, LATbio, on 25 May 2015. Additional consultation with stakeholders and interested institutions was undertaken in June 2015 as a follow-up to concerns and comments raised by stakeholders.

The principal stakeholders were identified as the biomass sector, the timber processing industry, state authorities, non-governmental organisations working in environmental and social sectors, industry associations, associations of forest owners, certification bodies working in the forestry sector, and scientific institutions/academia.

In total, 102 different stakeholders (institutions) and 118 representatives were identified and notified as part of the stakeholder consultation process. Further details are given in *Annex 5, Stakeholder consultation report*.

4.2 Risk ratings

Based on the information collected and analysed during the risk assessment process the risk level for each criterion was designated and a risk rating was proposed. “Specified risk” was proposed for those indicators where a “low risk” could not be designated, the available information was insufficient to consider the risk level low or where a consensus of stakeholders was not reached for a low risk designation. Most criteria were designated with a “low risk” status and six criteria were initially proposed as a specified risk. A specified risk was proposed for criteria 1.1.2, 1.4.1, 2.1.1, 2.1.2, 2.2.5 and 2.8.1.

In accordance with SBP procedures, the risk assessment went through a stakeholder consultation process. During the stakeholder consultation process, written comments on the risk assessment report were received from stakeholders and discussed in the stakeholder consultation workshop. Stakeholders provided comments to the discussion and description of the background situation in the risk assessment report.

After the workshop, several personal meetings as well as phone interviews were held with different stakeholders who had shown interest in participating in the consultation process.

Stakeholders representing the timber processing and biomass industry raised the opinion that risks for most of the indicators are overestimated and they therefore proposed to change the status from “specified risk” to “low risk” for four indicators (1.1.2, 1.4.1, 2.2.5 and 2.8.1). On the other hand, the environmental NGOs considered the risk level for some of the indicators to be under-rated and thus proposed changing the risk status from “low risk” to “specified risk” for four more indicators and to broaden the scope of “specified risk” indicators from private forests to all forests for indicators 2.1.1 and 2.1.2. See details of stakeholder comments and opinions in the Stakeholder consultation report below.

Stakeholder proposals and comments were reviewed while preparing the final version of the risk assessment. Some of the indicators (1.1.2, 1.4.1, 2.2.5 and 2.8.1) were discussed in detail during the

stakeholder consultation workshop. Additional consultations were carried out to specify the risk level for indicator 1.4.1 due to lack of forest sector-specific data and stakeholder proposals. Arguments, supported by stakeholder comments, for “low risk” for the indicator 2.8.1 were discussed thoroughly and finally it was re-categorised as “specified risk”. Based on the stakeholder comments and opinions, the indicators 1.1.2 and 2.2.5 were re-categorised as “low risk” after the stakeholder consultation workshop. Indicators 1.4.1 and 2.8.1 were re-categorised as “low risk” after additional consultation carried out in June and July 2015. Risk specification for indicators 2.1.1 and 2.1.2 remained unchanged (“specified risk”) after the consultation process.

As a result of the stakeholder consultations, three out of the six proposed “specified risk” indicators were re-categorised to “low risk” leaving only three indicators with an unchanged “specified risk” status. The stakeholder proposal to re-categorise four indicators from “low risk” to “specified risk” status was reviewed during the consultation process, but their status has not been changed.

Details of indicators with a proposed “specified risk” status are provided below.

Indicator 1.1.2: Feedstock can be traced back to the defined Supply Base

Specified risk was proposed for this criterion in relation to the supply base for sawmills and other timber-processing entities that import timber for their production from other countries (especially those having a high corruption index, that is, Republic of Belarus and Russian Federation) and/or mix it with the local timber during the production process. Timber import statistics for recent years show that the import of roundwood, sawn-wood and other timber products is increasing. The proportion of all imported roundwood in total volume of processed roundwood in the country has increased from 1.33% (1.8% excluding exports) in 2009 to 9.8% (13.9% excluding exports) in 2014. Some of this material is mixed with local timber during the timber processing operations and therefore can be introduced to the market in the form of biomass. The production process in sawmills is quite complicated in terms of tracking the source and amount of mixed timber during the production process. Therefore, it is proposed to designate this criterion as a specified risk for those feedstock suppliers who mix material from countries with a high corruption index. The main control measure to eliminate this risk would be the separation of the feedstock material from the imported or untracked material during the production process.

Even though the corruption risks and associated legality risks in the Russian Federation, Republic of Belarus and Ukraine are considered high according to the Transparency International Corruption Perception Index, the stakeholder consultation revealed a consensus amongst stakeholders that the connection of specified risk to the actual situation in the country is rather weak.

The reason for that is most of the timber imported to Latvia from the Russian Federation is FSC-certified or controlled material (FSC Controlled Wood) and further that timber from the Russian Federation is mostly purchased by large sawmills that are FSC/PEFC certified. The share of imported roundwood from the Russian Federation in the total imported roundwood basket is small, but growing, accounting for 6% in 2014, 2% in 2013 and below 1% during the period from 2009-2012. For sawn-wood, the share of lumber imported from the Russian Federation has been fluctuating within a range of 15%-30% of all lumber imports over last five-year period.

In the Republic of Belarus, most of the state forests are FSC/PEFC certified and the timber is sold through the Belarus Timber Exchange. The share of roundwood imported from the Republic of Belarus has been steadily decreasing over the last five-year period: from 55% of all roundwood imports in 2009 to 18% in 2014. The share of lumber imports from the Republic of Belarus has been in range of 17%-27% over the last five-year period.

Imported timber volumes from Ukraine are too negligible to consider. The statistical data shows that import of lumber from Ukraine is ranging from 0.7%-1.7% in the last four years with no particular trend. There have been no roundwood supplies from Ukraine during last five years according to statistical data.

The implementation of the European Timber Regulation (EUTR) requirements in the management of supply chains with suppliers located outside the European Union substantially minimises risks associated with timber legality sourced from these three countries. Given that and the small share (6%) of imported round timber from the Russian Federation and the Republic of Belarus in comparison with the total volume of timber processed in Latvia, the risks are considered minor. Thus, the risk level for this indicator after the stakeholder consultation has been re-categorised from “specified risk” to “low risk”.

Indicator 1.4.1: The BP has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting are complete and up to date

In Latvia, there are no specific forest harvesting fees such as royalties, stumpage fees and other volume-based fees. There are also no fees based on quantity, quality or species.

Value Added Tax (VAT) in Latvia is paid by all persons (natural and legal) having an annual turnover on their business activities higher than 50,000 Euros. The State Tax Inspectorate is responsible for collecting the VAT, which must be declared every month by the tax payer. Since 2010, VAT for timber is paid by the purchaser and not by the seller, so as to prevent VAT laundering. This significant change in VAT legislation has proven to be a very good preventive measure to stop illegal activities related to VAT.

If timber is sold by a natural person to a legal entity, the natural person is liable for paying the income tax, which is 15% of the amount received. In this case, income tax on behalf of the seller (physical person) is paid by the company purchasing the wood. If wood is sold by an individual entrepreneur with a timber merchant business, the income tax is then paid by that person once a year through the income declaration process. The income tax declaration is co-ordinated by the State Revenue Service (Valsts Ieņēmumu dienests). Declaration of income and payment of income tax is inventivised by the possibility of receiving a partial refund of the income tax declared. Information about the tax payer is available online in the Register of tax payers and on the website of the State Tax Inspectorate for legal entities for tax debts.

Payment of taxes and VAT is closely related to 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 gross domestic product (GDP) in 2013. The shadow economy index has decreased over the last three years, from 38.1%

during the peak of the economic crisis in 2010, to 30.2% in 2011 and 21.2% in 2012. The mainspring behind the Latvian shadow economy is profit omission and tax avoidance ('envelope wages'), which remain a major problem according to the authors of the study.

The risk of VAT avoidance is higher for smaller companies and individual entrepreneurs. Given the high index number of the shadow economy, the risk for this category was proposed to be “specified“ for private forest owners.

The arguments for risk specification of this indicator were discussed thoroughly during the stakeholder consultation process. From the view of the stakeholders, mechanisms elaborated to combat tax evasion in the forestry sector are already in place, 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. From a stakeholder perspective, the motive of fraud in Personal Income Tax is considered reasonably low for private forest owners. In the view of the stakeholders, the mechanisms mentioned above should provide a reasonable incentive for forest owners to pay taxes. In the view of stakeholders, independent third party roundwood measurement, low rates of effective Personal Income Tax for forest owners do not motivate fraud. The number of officially registered cases of VAT fraud in roundwood timber deals is also low. Stakeholders indicated that the high share of the shadow economy cannot be directly related to forests or the forestry sector. Extrapolating the shadow economy situation from the general national level to the timber harvesting/forestry sector is rather questionable. In this case, sector specific data are needed to designate the risk level as “specified risk”.

Given the developments in the government’s fight against the shadow economy, a lack of information from state authorities on substantial violations of tax legislation in the forestry sector, the questionable contribution of the forestry sector to the shadow economy, positive results from enforcement institutions in combating the shadow economy along with arguments made by stakeholders, it has been proposed to re-categorise the risk level for this indicator from “specified risk” to “low risk”. See detailed findings and description of the criteria level in *Annex 1*.

Indicator 2.1.1: The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped

Substantial areas of high conservation value (HCV) for nature in Latvian forests have been identified, are known and mapped. An active examination and identification of EU protected habitats and Woodland Key Habitats (WKHs) is taking place in state forests and FSC-certified forests, which follows the requirements of FSC Principle 9 on HCV forests. However, there is not enough information about the location of HCV forest, and major gaps in knowledge about HCV forest, in non-certified, primarily privately-owned, forest.

Information on the geographical distribution of major concentrations of large-scale nature conservation areas is sufficient and there are no major gaps for this aspect. Many of the important forest areas are designated as protected/nature conservation areas on national or EU level (Natura 2000 sites). Given the lack of information on HCV forests – WKHs and/or EU protected habitats in non-certified forests, particularly in private forests, this category is assigned “specified risk” status.

Comments on this indicator were received during the stakeholder consultation process. Stakeholders highlighted the lack of information about bird-nesting areas. Nesting areas for a number of species included those in the Birds Directive Annex 1 are not identified and registered in the forest register databases and thus in practice are unprotected outside those protected territories with a special protection regime. In view of stakeholders' comments, a "specified risk" for this category has been expanded to cover all forests, not only forests in private ownership. From a stakeholder perspective, the WKHs and EU protected habitats in state forests are being inventoried and mapped. However, the manager of the state forest, AS Latvijas Valsts Meži, does not provide information about this to the state authorities (State Forest Service, Nature Conservation Agency), so there is also still a risk of damaging or destroying the WKHs in the state forests. Environmental NGOs also pointed out the insufficiency of the AS LVM HCV screening and identification system.

The risk level for this indicator after the stakeholder consultation remains unchanged with a "specified risk" status for non-certified forest areas, primarily privately owned forests. For detailed findings, please see threshold description and control measures on the criteria level in *Annex 1*.

Indicator 2.1.2: The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them

Representative samples of natural forest habitats and valuable ecosystems in Latvia are surveyed, identified and protected under the 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. Parcels of semi-natural forests with high biodiversity value concentrations are identified as EU Protected habitats and/or Woodland key habitats (WKH). Aggregations of WKHs and EU protected habitats are designated as protected territories at a national level or as Natura 2000 sites in EU level. However, part of the high conservation value areas such as WKHs and EU protected habitats remain outside protected areas. Based on different sources of information, such as reports, databases and statistical data it is evident that HCV forest – WKHs and EU protected habitats - have only a partial level of protection, either by falling inside Natura 2000 site or through voluntary protection by certified forest managers. However, significant areas of HCV forest, which are part of private, municipal and other forest properties, do not have any protection.

Taking into account the aforementioned information, it must be concluded that there is a threat of significant damage to WKHs and EU protected habitats located in private forests. It is proposed to assign "specified risk" for this criterion in relation to protection of high conservation values (WKHs and/or EU protected habitats) in non-certified forests from negative impacts of forestry activities, primarily in privately owned forests. The proposed controlled measures include the option for the BP to use any available information resources in order to check whether the incoming material is sourced from territories with high conservation values. In order to accept the wood, the client can ask the supplier for additional information or for implementation of certain measures, for example, can the products be traced back to the logging site in the forest, has the logging company signed an agreement and committed not to supply wood from WKH, does the logging site defined in the logging permit, provided with the supplied material, match the WKH location using the available information resources, etc? For detailed findings, please see the threshold description and control measures on the criteria level in *Annex 1*.

During the stakeholder consultation process, stakeholders also highlighted the threat of forest management activities associated with harvesting activities during the bird-nesting season in particular, thereby threatening the forest bird species populations. In connection with the stakeholder consultation, the specified risk shall be specified not only for private forests, but extended to cover state and municipal forests as well.

The risk level for this indicator after the stakeholder consultation remains unchanged with a “specified risk” status for non-certified forests. For detailed findings, please see threshold description and controlled measures on the criteria level in *Annex 1*.

Indicator 2.2.5: The BP has control systems and procedures to verify that residue removal minimises harm to ecosystems

There are no regulations in the national legislation related to the extraction of biomass/feedstock to protect ecosystems. As an example, there could be limitations for extraction from certain forest site types (for example, those growing in poor mineral soils). Similarly, no such regulations are included in the state forest managing enterprise, AS Latvijas Valsts Meži, procedures and best management practice guides. There are no scientific studies or results showing the negative impact of biomass removal from forests with rich soil types. With regard to removal of the felling residues, national legislation requires removal of the felled green unsound spruce wood (dumped, broken trees and a large logging residues (10-50 centimetres in diameter) from the logging plot to limit spreading of root rot fungus (*Heterobasidion annosum*). There are no studies on the effects of extracting biomass. There is an opinion that the research work done to determine the good practice for the extraction of biomass from forest stands in the Latvian situation shall be continued. As a part of a 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. Given the lack of regulations in the legislation and best practice recommendations, there is a risk that the felling residues are extracted for feedstock purposes from all forest site types, including those occurring on poor soils, oligotrophic/oligomesotrophic 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.*). The risk for this category was therefore proposed as “specified risk”.

The stakeholder consultation process revealed a consolidated opinion among stakeholders with regard to risk level for this indicator. In the opinion of stakeholders, forest site types on poor soils constitute a relatively small share compared to the total forest area. There is a relatively low density of such forest site types. Logging in forest site types on poor soils usually produces a low volume of harvesting residues, which results in poor economy and therefore a weak incentive for removal of residues in the mentioned forest site types. Forest site types characterized by poor soils occupy approximately 10% of the total forest area in the country. Wet forest site types constitute half of it. In the case of wet forest site types, harvesting residues are used for stabilisation of technological tracks and there is no significant threat to the forest ecosystem from the perspective of forest harvesting residues removal. In the case of the dry forest site type, stakeholders pointed out the low amount of harvesting residues in the mentioned forest site types and the low motivation for forest owners to collect harvesting residues as a biomass feedstock. Low motivation to collect harvesting residues for biomass with the high costs of forwarding and the cost of operational mobile chipping equipment considered as limiting factors. 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. Thus, the risk level for this indicator after the stakeholder consultation process has been re-categorised from “specified risk” to “low risk”.

Indicator 2.8.1: The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers

Logging companies that are working in FSC FM/COC certified forest operations (for example, state forest enterprise, AS LVM, and certified forest owners and managers) based on subcontracting agreements, are monitored not only by the forest managers who require fulfilment of FSC requirements set in P4 (P2 in FS-STD-01-001 v 5-0), but also by the accredited FSC certification bodies that do field observations of such companies during certification audits. However, there are concerns regarding contractors working in non-certified forests because of periodically occurring death and serious injuries at the work places. In addition, there are not enough efficient measures implemented to ensure that contractors working in non-certified forests follow the health and safety requirements. Therefore, it was proposed to designate this criterion with “specified risk” for contractors working in non-certified forests.

A number of arguments in favour of minimising the risk level were expressed during the stakeholder consultation process by the stakeholders involved. It has been underlined that all major forest harvesting companies have solid health and safety procedures in place. Major timber harvesting companies have improved their H&S procedures and performance in the last 10 years by introducing modern and advanced harvesting techniques and equipment. It was underlined that most of the harvesting work (80%) are done in a mechanised way. The stakeholders commented that high standards with regard to the health and safety issues are maintained in the manual felling/harvesting work through good specialised professional education and solid regulatory legislation frameworks. Stakeholders also refer to the official labour protection statistics showing a decreasing trend in accidents in the forestry sector. Therefore, stakeholders support designating this indicator with “low risk”.

The outcome of the stakeholder consultation process and consideration of 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 specifying “low risk” for this indicator. Taking into consideration the outcome of the forestry sector company survey regarding occupational health and safety issues, and the opinion of professional Occupational Health & Safety (OH&S) institutions, the risk level cannot be specified overall as “low risk”. Information from the consulted enforcement and professional institutions shows that the level of OH&S performance may vary among the companies working in the forestry sector. There are companies with very good OH&S performance records as well as companies who are working as subcontractors for certified forest managers and who are routinely checked for OH&S issues , such are considered as a low risk group. On the other hand, it is generally acknowledged that self-employed persons working in the forest sector generally have worse OH&S performance records, which is why they can be considered as a specificed risk group. The risk level for this indicator is therefore designated as “specified risk”, since the risk level may vary depending on the biomass feedstock supply base.

5 Conclusions

Based on the information collected and analysed during the risk assessment process the risk level for each criterion was assessed. In the first draft of the RRA, low risk was assigned to a majority of the indicators. Only six indicators were initially designated with specified risk. In the first draft, specified risk was proposed for the indicators 1.1.2, 1.4.1, 2.1.1, 2.1.2, 2.2.5 and 2.8.1. As a result of the stakeholder consultation process it was proposed to re-categorise the risk level from “specified risk” to “low risk” for four indicators (1.1.2, 1.4.1, 2.2.5 and 2.8.1). Additional comments were received after the stakeholder consultation workshop from an environmental NGO proposing to determine “specified risk” ratings for indicators 1.3.1, 2.2.1, 2.2.4 and 2.3.1.

Stakeholder comments were carefully reviewed. Some of the indicators (1.1.2, 1.4.1, 2.2.5 and 2.8.1) were discussed in detail during the stakeholder consultation workshop. It was clear from the stakeholder consultation workshop that for indicator 1.4.1 (*The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date*) additional consultation was necessary due to non-availability of forest sector-specific data and stakeholder objections to the approach used in the risk specification.

Arguments put forward by workshop participants for classifying indicator 2.8.1 as a “low risk” indicator were discussed thoroughly during and after the stakeholder workshop, and stakeholders were further consulted in June 2015.

Comments from three stakeholders, submitted after the stakeholder consultation workshop, were reviewed and discussed internally. A stakeholder representing an environmental NGO put forward a proposal to raise the risk level from “low risk” to “specified risk” for an additional four indicators and extend the scope of “specified risk” to all forests in Latvia for indicators 2.1.1 and 2.1.2. The proposal was rejected, the reasoning for which is provided in *Annex 5, Stakeholder consultation report*. Comments provided by stakeholders for SBP indicators were taken into consideration and included in the description and discussion of the risk assessment indicators.

In conclusion, indicators 1.1.2 and 2.2.5 were re-categorised to “low risk” based on stakeholder opinion and comments arising from the stakeholder consultation workshop.

Indicator 1.4.1 was re-categorised to “low risk” after additional consultation in June 2015.

Indicator 2.8.1 was retained as “specified risk” due to the contradictory data and reports on health and safety issues and varying performance of feedstock suppliers in forest sector.

Table 1 summarises the final risk ratings for all indicators.

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

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

Table 1. Final risk ratings for all indicators

Annex 1: Detailed findings for Supply Base Evaluation 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, although 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-year period and include analysis and inventory of the forest resources for the previous period as well as a 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**

	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 includes 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 EEA country Norway. The feedstock production process in sawmills is quite complicated and there is mixing of timber during the production process making it difficult to track the raw material back to source. Therefore, 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 a consequent specified risk for feedstock legality it must be evaluated to determine how significant the risk level is for feedstock material imported from abroad. The statistics show that the share of imported roundwood has been 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 ranged 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 recent 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 a 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 volume of sawn wood imports originates from Estonia, Republic of Belarus and the Russian Federation. Sawn wood constitutes a smaller volume out of which a certain amount is mixed with local timber during timber processing and can be provided to the market in the form of biomass products. The biggest volume of roundwood and sawn wood in recent 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 these countries is in the range of 1% to 3.3% in the last 5 years. Considering both roundwood and sawn wood imports, 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 was discussed during the stakeholder consultation process. Stakeholders 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 the Russian Federation in the 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 imported from the Russian Federation has been fluctuating in the range of 15%-30% of all lumber imported over the 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 imports from the Republic of Belarus has been steadily decreasing over the last 5-year period: from 55% of all roundwood imports in 2009 to 18% in 2014. The share of lumber imported from the Republic of Belarus has been in the range of 17%-27% over the last 5-year period without exhibiting any particular trend. Imported timber volumes from Ukraine are rather too negligible to consider. The statistical data show that the import of lumber from Ukraine is ranging from 0.7%-1.7% in the last 4 years and not exhibiting any particular trend. There have been no roundwood supplies from Ukraine during the 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 minimises 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. 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 define 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, a permission from the local municipality is required. Regulations on Logging outside Forest Land provides a general legal framework for harvesting outside forest lands. Regulations define 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 a 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 for 5 years by forest owners and the State Forest Service regional forestry, who 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** ☐ **Unspecified Risk**

	Indicator

1.1.3	The feedstock input profile is described and categorised by the mix of inputs
Finding	The manager of state forests AS Latvijas Valsts Meži, municipal forest managers along with the majority of private forest owners does not process timber and sells 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 that the feedstock input profile is described and categorised 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**

	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 entrusted 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 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 the 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 are granted 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 organised by the Corruption Prevention and Combating Bureau (KNAB) shows that the State Land Service and the Land Register institution is amongst the 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=57, year 2016) 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 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) • 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 Risk**

	Indicator
1.3.1	Feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	**Local legislation** Local companies that market timber of local origin (in Latvia) do not need to carry out additional inspections of legality of the activity as it is ensured by tree cutting, nature protection, timber circulation and the requirements of the regulatory enactments regulating taxable activities. Nevertheless, the requirements of the Regulation and checking compliance applies equally to timber produced in Latvia. Legislation regarding penalties and confiscation, covering all timber products as provided for in the EUTR, has been in place since 1 July 2015. Effective, proportionate and dissuasive penalties covering domestic production has been in place long before the EUTR. Timber resource production in Latvia is carried out in accordance with the procedures stipulated in law. Timber harvesting is based on a felling confirmation system. Felling confirmation specifies the type of harvest and is issued to a forest owner by the State Forest Service. Plus, 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. Furthermore, there is a law and regulations on the inventory of trees and round timber governing the procedures for record keeping at all stages of round timber circulation. Accordingly, based on Latvia's national legislation, checks are carried out to verify the origin of timber, along with accounting transactions. In this way, for domestic production, the requirements of EUTR 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, which is one of the reasons for the trend towards a reduction in illegal timber harvesting in Latvia over the past 15 years. The Competent Authority (CA) – the State Forest Service is empowered to act, with a member of staff having been trained and dedicated specifically to EUTR. The CA collaborates with other Member States' Competent Authorities on risk assessment, equal enforcement and other issues. In Latvia, the CA cooperates with the State Revenue Service (Customs and Tax Control Departments), the Nature Conservation Agency, which is a CITES supervisory institution, and, when needed, other authorities. Information on all operators placing timber and timber products on the market is available to the CA. Specific training events on the EUTR for operators have not been carried out by the CA, 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 monitoring organisations for individual merchants. The CA has a section on its website dedicated to the EUTR, it has developed guidelines

	for the operators, and it publishes information in timber industry magazines, as well as, in accordance with the EUTR, giving guidance to the operators on an individual basis. This category has been assessed 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 organisations 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 organisations 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**

	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 a 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 an income declaration process. Income tax declaration is co-ordinated 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 a financial 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, the 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. The 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 these, 1 tax payer in the forest industry secures a tax payment accounting for 60% volume of the total amount of collected taxes in the forestry sector. 5% of the companies working in forestry (4% of total number of commercial entities) sector have signs of being fictive companies. According to the State Revenue Service, the number of companies that have signs of being fictive commercial entities has been relatively stable since 2010. The observed situation with Obligatory social security tax and Personal income tax revenues shows a positive trend in recent years, which is explained by an increase in both the 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 for a 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 increase in volume of undeclared VAT transactions has 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 the 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. 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, are arguments in favour of “specified risk” designation for this category. On the other hand, there are already mechanisms elaborated and implemented to combat tax evasion in the forestry sector, namely – reverse payment of VAT, a 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 a motive for fraud in the view of interviewed stakeholders. These measures should provide a reasonable incentive for forest owners to pay taxes. An additional argument to be considered as factor for risk minimisation, is control over the measurement of roundwood by an 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 an update on the progress of reducing the share of shadow economy made so far. The Action Plan (Plan) for limiting the shadow economy in 2015-2020, contains measures on how to reduce the shadow economy in the country targeted to attain a level of shadow economy below the average level in the European Union by 2020. The Action Plan sets a target to reduce the share of the 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 by 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. The 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 the shadow economy: excluding companies from the VAT tax payer register due to an initiative of the SRS, banning executives to take posts in companies; suspending companies’ business operations; terminating companies’ business operations; 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 and a two-fold increase in individual entrepreneurs who have registered their business and become 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 has been steadily increasing from 4,000 employees in 2011 to 14,500 in 2013.

The State Revenue Service has come up with a number of legislative initiatives, which have amended 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 the State Revenue Service to detect unauthorised interference in cash or system software;

	• Changes in public procurement legislation. Amendments allow exclusion of a tenderer from a procurement procedure if the tenderer's average worker 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, the 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 oblige crediting institutions to notify the State Revenue Service for all physical person deals exceeding €36,000 in a year or for every deal that exceeds €3,000 in cash. The State Revenue Service shall be notified for all individual transactions exceeding €20,000 or a 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 a bank account, including those made through an ATM. The credit institution shall notify the State Revenue Service for physical person deposits made to a 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 offences connected to "envelope 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 on taxpayers - physical persons who have registered commercial activity after the State Revenue Service reminder of obligation to register the economic activity; • to evaluate the option to declare annual property status separately for set 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; • to review the base for personal income tax and the different application modes in order to optimise the current tax system, which allows for tax optimisation 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 minimisation of the share of the shadow economy with the aim of reaching the average level of the EU by 2020. The State Revenue Service had been implementing the measures to reduce the scale of shadow economy since 2012. The State Revenue Service had initiated a number of amendments to legislation, which have proven effective results which are 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 the practical steps taken towards reducing the "envelope wage" problem by the responsible institutions – Ministry of Economy, Ministry of Finance and subordinated implementing agencies - have to be acknowledged. The results of the 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 the forestry sector. The authors of the study on the shadow economy and the State Revenue Service consider the following priority sectors of the economy, characterised by the highest share of the shadow economy: construction, retail, wholesale, public transport and services sector. The forestry sector is not considered among the riskiest sectors. Given the latest developments towards combating the shadow economy by the government, lack of data on the contribution of the forestry sector to the shadow economy, and positive trends in the results of combating shadow economy by enforcing institutions, the risk level for this indicator is categorised as "low risk".
Means of Verification	Records of payments and correspondence with revenue authorities show payments are correct. Inquiry 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**

	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) (CITES). In addition to CITES, 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. None of local tree and plant species are listed on Annexes of the Washington Convention (1973). The rules for trade in plants and wild animals regulating the bringing into and taking out of the Republic of Latvia animals, parts thereof or articles made of them are prepared following the requirements of 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 licences, 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 Conservation Agency and the Customs are institutions responsible for implementation of CITES requirements. Both institutions check import and export of endangered species under the CITES including timber products from protected species. A 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 Conservation Agency. An individual licence 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 Conservation Agency 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 Conservation Agency (Dabas aizsardzības pārvalde)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk**

	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 a 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 a 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**

	Indicator
2.1.1	Forests and other areas with high conservation values in the Supply Base are identified and mapped
Finding	Information on location and geographical distribution of nature conservation areas, rare, threatened and endangered species and habitats can be considered sufficient and there are no major gaps in the knowledge on important nature conservation areas. Most important forest areas with a high concentration of nature conservation values have been identified and designated as protected areas at national and/or EU level (Natura 2000 sites). Forests in Latvia have not been examined fully for high conservation values (HCV), even though the major areas with a high concentration of high conservation values have been identified and are covered by the network of protected nature areas with different protection regimes. 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 the location of high conservation value forest) in non-certified forests. For the current assessment, the high conservation values are identified as follows: **High Conservation Value Forests, category 1:** major locations of concentrations of species listed in the EU Habitat and EU Birds 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. It can be stated that major sites for rare, threatened and endangered species are known, protected territories have been established and are known. There are 683 specially protected nature territories established in Latvia. The total area of protected nature territories constitutes 11.5% of the total country area. In 2004 when Latvia joined the European Union, a network of protected areas of EU importance Natura 2000 sites was designated in Latvia. As a basis for the Natura 2000 network, the existing national system of specially protected territories was used and amended. With the 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 of which have 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 the protection of 127 species and 60 types of habitats represented in Latvia and listed 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 orr within specially protected nature territories for protection of rare and endangered species and habitats. During the time period from 2001-2016, 1,373 micro-reserves have been established covering 43,217 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% of known species are included in the list of specially protected species. There are 86 protected habitat types in Latvia, 60 of them being of EU importance (EU habitats). Natura 2000 sites comprise 335,400 ha of forest (11.3% of total forest area). In total various types of protected forests occupy 513,300 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 a 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 the European population of lesser spotted eagle (*Aquila pomarina*) occur in Latvia. Populations of mentioned species are noteworthy at the EU level. (5th National Report to the Convention of Biological Diversity, Latvia 2014) In addition to mentioned protected territories, BirdLife International's Important Bird Areas (IBA) need to be mentioned as known places of concentrations of rare, threatened and endangered species. There are 71 Important Bird Areas identified in Latvia by the Society of Ornithology of Latvia, 64 of those are inland territories comprising 8.3% of the country's land surface. Important Bird Areas (IBAs) in Latvia have been selected for 59 wild bird species. 49 of these are listed in the Annex I of EC Birds Directive, the other 10 being regularly occurring migratory or wintering species. At least 17 more Annex I species occur in the identified areas. Most sites are qualified by occurrence of breeding bird species: 213 of 273 individual species records. (Račinskis E. 2004. Important Bird Areas of European Union importance in Latvia. Rîga, LOB) Most of the inland IBAs in Latvia cover coastal lagoons, lakes, river flood-plains, large peatlands and fish-pond complexes or relatively plain forested areas. Almost half (44%) of IBAs are covered by forest habitats. All IBAs overlap to a large extent with existing nature conservation areas (especially protected nature territories) and Natura 2000 territories. All IBAs overlap with the existing 6 Ramsar Convention sites in Latvia. One third of all IBAs in Latvia qualify on the basis of the population of a single bird species, and the majority of IBAs are important for one to three species (3-4 species on average). All IBAs have populations of 1 to 35 other important (Birds Directive Annex I)

	bird species regularly occurring in them, on average 15 species per site. (Račinskis E. 2004. Important Bird Areas of European Union importance in Latvia. Rîga, LOB) Overall, national legislation and conservation measures provide adequate conservation safeguards for significant sites and territories of rare, threatened and endangered species; however, not all rare, threatened and endangered species may have adequate protection. Information on RTE species protected territories, nesting sites and habitats, recognised and protected by national legislation, is cross checked during the processing for issuing felling permits against limitations of forest management activities held in the State Register of Forests (SRF) administrated by the State Forest Service. However, given a number of important habitat sites, e.g., the nesting areas of a number of species included in the Bird's Directive Annex I, are not identified within the State Register of Forests this can result in forest management activities threatening the conservation status of many species through habitat removal and fragmentation. 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. Due to historical land use and forestry practices the 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. Surveys show that in previous 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 the creation of nature reserves. Six Ramsar convention sites are designated in Latvia. Other important areas for biodiversity of large areas include valuable forests in national parks, landscape protection areas and biosphere reserves. 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 a 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 and 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 the 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 a national as well as an 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 reserves at national level or as Natura 2000 sites at EU level. However, there are areas of WKHs and EU protected habitats that are outside protected areas, particularly in privately owned forests. According to current regulations, 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 WKH, particularly those located in non-certified forests do not have any protection status and there is a high risk of elimination of WKHs and EU protected habitats in non-certified 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. The main necessities of local communities are related to recreation and mushroom and berry picking. These activities are important for many people for leisure or perquisite income. The right to free access to the state and municipal forests is 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 berry 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 important historical sites. There are numerous cultural areas and objects of cultural heritage associated with trees and forests. Some forests of cultural importance are inside cities, manor parks, urban forests and forests of 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, and 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. For example, about 150 objects of cultural heritage – manors and manor parks, forests – out of approximately 500 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 have 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. Similarly, there are other objects and territories of cultural heritage, in private, municipal and church owned forests. The legacy of cultural heritage in forests is not fully known and there are gaps in the knowledge. The outcomes of the cross-border cooperation project “Unknown cultural heritage values in common natural and cultural space” implemented jointly by the State Forest Service of Latvia and Estonian State Forest Management Centre and other partner institutions in administrative territories bordering both countries (in 74 parishes in Latvia) testify that there is large number of objects of cultural heritage values that have not been identified and registered. A detailed inventory of objects of cultural heritage values in four administrative regions (rajons) and 74 parishes (pagasts), has been carried out and 17 thousand objects were identified and

	brought to attention of historians within the project. In the specialists' opinion, gaps in knowledge for the four abovementioned regions can be extrapolated to the rest of the country, particularly those regions with a high share of woodland areas. **Non-forest lands** Non-forest lands in the context of the risk assessment is considered agriculture land – partly or fully overgrown pastures, meadows, abandoned tillage. Economic activity in non-forest lands is linked with non-forest habitats – overgrown semi-natural grassland habitats in meadows and pastures. Tree and bush cover from overgrown agriculture lands is used for production of biomass – through removal of bush and subsequent chipping. Landowners typically carry out clearing of bush/shrub for purposes of agriculture land reclamation, scenery/landscape improvement or energy biomass production – production of chips. Meadows and pastures cover 1/3 of the agricultural land area in Latvia. A large part of agricultural land – both meadows and pastures as well as tillage - were used intensively during the Soviet period and reversion for some period of pastures and meadows in arable fields was common. The reverse process began in 1990s when the intensity of agricultural activity decreased substantially and a significant share of meadows and pastures were not utilised for agricultural purpose and began overgrowing with shrubs and trees. According to recent statistical data from the Ministry of Agriculture, the area of overgrown agricultural land constitutes 260,000 hectares. In the view of specialists, half of the overgrown area can be regarded as a forest land, i.e. the tree cover has reached the forest criteria and shall be managed according to forestry legislation. Semi-natural grasslands which are a part of meadows and pastures are important from the biodiversity viewpoint as those represent one of most diverse and richest in terms of species habitat groups. About 40% of the rare and endangered plant species are dependent on habitats of grasslands. Many bird species nest and feed in grasslands. Semi-natural grasslands cover 0.3% of the territory of country and the area is continuing to decline. Reports on the habitat status show that more than half of the EU important semi-natural grassland habitats in Latvia have an inadequate conservation status mainly due to lack of appropriate management. 13 grassland habitat types listed in the Annex I of EU Habitat Directive are found in Latvia (1630; 2130; 2330; 6110; 6120; 6210; 6230; 6270; 6410; 6430; 6450; 6510; 7210). Semi-natural grasslands – habitats that are listed in the EU Habitat's Directive Annex 1 have been inventoried in Latvia as Biologically valuable grasslands. There is an elaborated mechanism for subsidies for farmers for the preservation of botanically valuable semi-natural grasslands (EU importance grassland habitats) and grasslands that are significant for grassland nesting birds that are registered in the Rural Land Register. The grasslands shall be managed by grazing or mowing. Cultivation, fertilisation or spreading of manure is not allowed on these areas. The area of biologically valuable grasslands in Latvia accounts for more than 65,000 ha, while only 50% of these areas are managed with the help of subsidies. According to expert opinion, subsidies from the Rural Development Programme are not sufficient to encourage landowners to resume the management of the grasslands, and other methods should be sought out for maintaining semi-natural grasslands. Removal of bush/shrubs in general is not considered a negative impact on the development and management of semi-natural grassland habitats, as it may facilitate the rehabilitation of grassland habitats in overgrown areas. Removal of bush is considered an appropriate management method for many grassland habitats according to grassland habitat experts (Rūsiņa, 2016). However, a precautionary approach shall be used in situations where clearing is taking place in biologically valuable grasslands and special precautions shall be taken in using forestry machinery to preserve the topsoil.
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 • Monitoring report of 2014, Latvian Ornithological Society, Auniņš et al, 2014 • Račinskis E. 2004. Important Bird Areas of European Union importance in Latvia. Rīga, Latvijas Ornitoloģijas Biedrība • Latvian Forest Policy, 1998. https://www.zm.gov.lv/mezi/statiskas-lapas/nozaresstrategijas-politikas-dokumenti/latvijas-meza-politika?nid=328#jump

	• Identifying and Removing Bottlenecks in Management of Natural Grasslands and Wetlands – Case Study from Sweden, Estonia and Latvia. The Uppland Foundation, Estonian Fund for Nature and Latvian Fund for Nature, Upplandsstiftelsen 2013 • Vadlīnijas aizsargājamo biotopu saglabāšanai Latvijā, III Pļavas un ganības, Solvita Rūsiņa, Dabas aizsardzības pārvalde 2016 • 2007.-2013. gadā VPM, BLA, Natura 2000 vai MLA atbalstīto zālāju botāniskās daudzveidības novērtējums, Latvijas Valsts agrārās ekonomikas institūts, Rīga 2014
Risk Rating	☐ **Low Risk** ☒ **Specified Risk** ☐ **Unspecified Risk**

	Indicator
2.1.2	Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.
Finding	There exists a legal and institutional framework aimed at protecting the high nature conservation values in forests. The management of established protected nature areas is regulated by the Law on Protected Areas. Principal 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 nature territory. The management of 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 forests shall have a special part related to forest protection and implementation of requirements for environmental protection. The Law on Forests and subordinated normative regulations regulates harvesting 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 requirements to leave trees and dead wood for biodiversity protection in logging sites. Information on rare, threatened and endangered species, protected territories, nesting sites and habitats (recognised and protected by relevant legislation) is cross checked during the processing for issuing felling permits against limitations of forest management activities held in the State Register of Forests (SRF) administrated by the State Forest Service. However, in the absence of information related to a number of important habitat sites, e.g., the nesting areas of a number of species included in the Bird's Directive Annex I, woodland key habitats and/or EU habitats, this can result in forest management activities threatening the conservation status of many species through habitat fragmentation and removal. Intensive logging is linked to disturbance and loss of forest habitats of several rare, threatened and endangered bird species, particularly in areas important for bird breeding and nesting (Bird International's Important Bird Areas). Most of these areas are overlapping with existing nature protection territories, most of which are territories with less stringent nature protection requirements such as nature parks, protected landscape

	areas, National Parks (except strict nature protection zoning), where active forest management, including harvesting in clear-cuts, is allowed. Thus, the actual protection regime in these territories in practice do not differ much from commercial forests outside protected nature territories where rare, threatened and endangered species and habitats are protected only through micro-reserves. The reduction of nature protection, biological diversity needs in favour of commercial interests can be linked to the unfavourable status of protection of several rare, threatened and endangered forest bird species (black stork, lesser spotted eagle for instance). **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 nature 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 do 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 – micro-reserves) shall be envisaged. Bird population monitoring data shows a substantial decrease in populations of two Bird's Directive Annex I species – Hazel grouse (*Bonasia bonasia L.*) and Black woodpecker (*Dryocopus Martius L.*) over the last decade. Negative trends in populations of mentioned species have been observed in previous bird monitoring cycles. Both hazel grouse and black woodpecker conservation status in Latvia is regarded as unfavorable in the view of nature experts. Hazel grouse and black woodpecker are settler bird species, so the decrease in population cannot be linked to quality of species habitats outside the country and other external factors, as may be the case of migratory bird species. Furthermore, negative trends in populations have been observed for 7 forest bird species. These include: lesser spotted woodpecker (*Dendrocopus minor L.*), whose population has been decreasing since 2009. Populations of species which currently do not have any protection status in Latvian nature protection legislation, i.e. Turtle dove (*Streptopelia turtur L.*), Tree pipit (*Anthus trivialis L.*), chiffchaff (*Phylloscopus collybita Wieill.*), willow warbler (*Phylloscopus trochilus L.*), marsh tit (Parus *palustris L.*) and common crossbill (*Loxia curvirostra L.*) have shown a downward trend in recent years. Hazel grouse, black woodpecker and marsh tit are species whose population data is used for the calculation of a Forest Bird Index. In the view of experts, decreasing populations of mentioned species indicate a deteriorating biological diversity in forest ecosystems (Monitoring report of 2014, Latvian Ornithological Society, Auniņš et al, 2014). Furthermore, experts point to a deteriorating situation with populations of two significant endangered species – black stork (*Ciconia nigra L.*) and lesser spotted eagle (*Aquila pomarina*). Forests of Latvia are a 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 by approximately 45% from the initial population studies in the early 1990s. Intensive forest management and a deficiency of feeding sites are the main factors causing the decrease in population of black stork. Nesting areas of the black stork are protected within specially protected territories and micro-reserves, however currently only 1/3 of all nesting areas are under legal protection. There is a negative trend in the overall population of the lesser spotted eagle as well. The most important reason according to studies is intensive forest management particularly in non-certified forests leading to a loss of old forest stands suitable for nesting. There are reports on the poor 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 EU importance are in a favourable conservation status in Latvia. (EEA-European Topic Centre on Biological Diversity, 2013). Given the above-mentioned information the risk for this sub-category is designated as "specified risk". **High Conservation Value Forests, category 2:** This includes high conservation value large woodland territories: biosphere reserves, Ramsar sites, national parks. In addition to those, no landscape-scale semi-natural forests with viable populations of most naturally occurring species exist in the country. Other important areas for biodiversity of large areas include valuable forests in national parks, landscape protection areas and biosphere reserves. 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-mentioned information the risk for this sub-category is designated as low risk. **High Conservation Value Forests, category 3:** According to current regulation, forests areas within Natura 2000 sites should be managed in accordance with 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, are nature values in woodland key habitats (WKH) and/or EU protected forest habitats. Some part of WKHs have a certain level of protection, because they fall inside a Natura 2000 site, or by being voluntarily protected by forest managers who have implemented forest certification schemes. However, WKHs and EU protected forest habitats located in non-certified forests do not have any protection status. There is no detailed information on WKHs and EU protected habitats in non-certified forests that represent half of the forests in Latvia, because no full inventory has taken place. Forest habitats listed in the EU Habitats Directive and woodland key habitats account for 7% and 3% of forest area in expert estimates. In expert opinion (Latvian Fund for Nature), at least 70% of EU protected habitats and up to 35% of woodland key habitats, totalling more than 200,000 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 provided for by the 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 non-certified forests. Given the above-mentioned information the risk for this sub-category is designated as specified risk. **High Conservation Value Forests, category 4**: These include 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 for the 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, and protection belts around urban areas. Special regulations on 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 the implementation of legislation aimed at the 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 berry picking. These activities are important for many people for leisure or perquisite income. The right to free access to the state and municipal forests is 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 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 the use of these resources, therefore the risk level to this sub-category is designated as "low risk". **High Conservation Value Forests, category 6:** Recognised objects of Cultural Heritage - Cultural monuments (cultural and historical heritage sites) are under the 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 the existing forestry legal framework). While it is true that known cultural heritage objects of national significance are protected by the law on Protection of Cultural Heritage, and that there is a database of cultural heritage objects/monuments of national and local significance, there are many objects of cultural heritage still unknown or little known to responsible institutions at national and even local municipalities, which in the opinion of experts presents risks to the destruction or loss of quality of the mentioned objects, particularly in private owned forests. Experts point out that there are many unknown and unidentified objects of cultural heritage in forests. This can be supported by the outcomes of the project "Neapzinātās kultūras mantojuma vērtības kopējā dabas un kultūras telpā" ("Unknown cultural heritage values in common natural and cultural space") implemented by the State Forest Service and Nature Conservation Agency Ziemeļvidzeme Biosphere reserve administration. Historical objects that are already protected by the State (for example, burial grounds, mounds, settlements, manor houses, alleys) were surveyed to obtain more detailed information than that available in the public domain. The main focus of the project, however, was on the identification of objects of historical evidence, which had not previously received attention from historians and landscape specialists - forestry history testimonies, such as lime kilns, ancient bridges and historic roads, stones and households, as well as other little-known historical attractions. Approximately 17 thousand different objects of cultural heritage significance were identified as part of the project activities in an area covering 15% of the country. Of those, 40% constitute different kinds of objects of cultural heritage value found in the forest land. One of important object category is veteran trees. Data on trees with nature conservation value and cultural heritage value such as veteran trees is incomplete and covers only a fraction of what is estimated. Currently, the nature data management system "Ozols" accounts for about 5,000 veteran trees, which correspond to the requirements for veteran trees designated in the national legislation. Nature Conservation Agency specialists estimate there are about 20,000 veteran trees in the country and only 1/4-1/5 has been identified and accounted for. Other experts (Dabas retumu krātuve) estimate the number of veteran trees to exceed 10,000. The project "Neapzinātās kultūras mantojuma vērtības kopējā dabas un kultūras telpā" ("Unknown cultural heritage values in common natural and cultural space") coordinated and managed by the State Forest Service and implemented by several project partners – state institutions, academic institutions, non-governmental organisations – identified 2.6 thousand trees with cultural heritage value and potential veteran tree status, and of those 50% were in forest land (forests). The project focused on objects that were not previously identified and mapped and covered an area of 15% of the country. Extrapolating this

	number to the whole territory of the country gives an approximate number of 17 thousand trees. From this one can assume only 1/3 of veteran trees could be currently registered and known to authorities and under effective protection. Individual cases of veteran tree destruction are reported from time to time. The most scandalous recent case is cutting Pētermuiža northern white Cedar (*Thuja occidentalis L.*) in Valle parish, Vecumnieki region, which was the second largest diameter veteran northern white Cedar in Latvia. The tree was in good condition and neither the harvesting company nor local municipality were aware of the status and nature conservation value of the tree. There is no statistical data regarding the condition of veteran trees available. The condition of identified veteran trees was registered in the project "Neapzinātās kultūras mantojuma vērtības kopējā dabas un kultūras telpā" ("Unknown cultural heritage values in common natural and cultural space"). Analysis of the database shows of the veteran trees identified, 0.5% have been damaged to full extent (destroyed), 3.4% have been heavily affected/transformed, 19% substantially affected/damaged, and 77% is in satisfactory condition. 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 the 19th century as well as other objects of cultural heritage. There are numerous manor parks and 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 agricultural lands that may or may not have forest land status, also in agricultural 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 on occasion. 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 the Dendrology society, of 300 alleys inventoried and recognised 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 alleys in non-forest lands is insufficient according to evaluation by 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 for alleys. In many cases, local municipalities have issued cutting permits to remove alleys along roads but which have been the cause of protest from local communities. This is the case also for private forest owners 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 including the 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. In addition to issues of identification and registering of objects of cultural heritage (both of national and local significance) mentioned above, there are reports on the

	capacity of the enforcing institutions in the field of protection of cultural heritage (objects). A recent (2016) State Audit Office (Valsts kontrole) revision report on the implementation of policy of protection of cultural monuments ("Does cultural monument policy in Latvia ensure the protection of cultural monuments?") (http://www.lrvk.gov.lv/revizija/vai-latvija-planota-un-istenota-kulturas-piemineklu-aizsardzibas-politika-nodrosina-saglabasanu) brings attention to a number of issues in relation to capacity in and efficiency of protection of known objects of cultural heritage – cultural monuments. One of the main conclusions by the State Audit Office is that the State Inspection for Heritage Protection under the Ministry of Culture does not follow up planned and consecutive activities to prevent the destruction of cultural and historical values and the monitoring and supervision of cultural monuments conservation status is not sufficient. The State Inspection's work regarding inclusion of culturally significant objects in the list of monuments is not systematic. The State Audit Office brings attention to the unterminated (long) timeframe for reviewing the application for inclusion of objects of cultural heritage in the list of protected cultural monuments presenting a risk to losing the cultural and historical value. The report points out the absence of a list of objects of potential cultural importance, lack of a procedure and time limits for reviewing and considering the objects for protection. It is pointed out in the report that activities undertaken the by Inspectorate are not sufficient to attain the target of the Law on Protection of Cultural Monuments - to retain the heritage value and prevent the destruction or loss of cultural heritage value of identified cultural monuments. There is the risk, in the State Audit Office's opinion, that objects of cultural heritage value are not classified correctly with regard to the importance for monitoring and inspection, and that cultural monuments under threat are inspected too seldom. Considering the aforementioned information, it can be concluded that there is a risk of damage and/or destruction of high conservation values under this sub-category, and consequently the risk for this category is designated as "specified risk". The specified risk designation is largely based on the facts that there is information on isolated cases of destruction/damaging of objects of cultural heritage in private forests that do not have official protection status; the general opinion of stakeholders regarding a lack of awareness by private forest owners of the cultural heritage values in their forests; frequent negligence of harvesting companies with regard to preserving objects of cultural heritage; unwillingness of private forest owners to communicate/notify authorities about objects of cultural heritage in their forests due to a fear of restrictions on tree harvesting.
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 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) • 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**

	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, a 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 a special purpose. According to the Law on Land, forest land includes land covered with forest (forest stands), non-forested area (clear cutting area, damaged forest stands, open forest area, forest nurseries, forest seed orchards, raw bush area and plantations), area comprising 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 with another land use purpose inside 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 when deforestation is necessary for the purpose of 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 the right to undertake 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 Cadastre 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 the 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. 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**

	Indicator
2.2.1	Feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise 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 the 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 define 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 in the previous period. During the preparation process of a new management plan all relevant data shall be collected and together with analyses of the previous management cycle shall be fed back into a new management plan and consequently into operational practice. In addition, state forest enterprise AS LVM has developed its own environmental impact assessment procedures for activities which could have a negative impact on the environment, for instance: road reconstruction, drainage, the construction of gas or electricity lines, etc. It is the prevailing practice to include in the agreements with contractors a requirement to inform the forest owner about any observed potential negative impacts of forest operations on biodiversity and ecosystems and to take preventative measures to avoid or minimise these. In addition, a check-up of forest areas before cutting is constantly performed by state forest officials in state forests. Control of how forest operations in felling areas are being, or have been, implemented according to the requirements of existing legal and normative acts is carried out. The State Forest Service has the annual control plan. There are environmental NGOs that periodically

	undertake monitoring of impacts of several aspects of forest operations on the environment or carry 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 minimise 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**

	Indicator
2.2.2	Feedstock is sourced from forests where management maintains or improves soil quality

Finding	Special regulations on environmental protection in forest management define the principal requirements for the protection of ecosystem services such as soil, air and water. Environmental protection Regulations on forest felling contain regulations for soil protection, i.e. the forest manager is obliged to maintain the forest's 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 a special section on nature protection measures where the protected species, habitats and other environmental protection values or objects are listed and marked on maps with prescribed and detailed protection measures. The Forest management plan has a specific section related to forest protection and implementation of requirements for environmental protection. In addition, the Forest management plan, the planning documents of individual protected areas, and the individual regulation of protected objects or selective areas, define 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 Conservation Agency, 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 Conservation Agency are the institutions responsible for controlling the fulfilment of these laws. The main environmental issues reported by controlling institutions are forest soil damage, damage by game, and 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 during 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 on forest soils commissioned by the state forest enterprise AS LVM, the 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 the 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, the extent of systematic and/or large-scale non-compliance with legally required environmental protection measures has not been sufficient to threaten the forest resources or other environmental values that 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 minimise 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**

	Indicator
2.2.3	Key ecosystems and habitats are conserved or set aside in their natural state
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**

	Indicator
2.2.4	Biodiversity is protected
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 on individual protected areas, the planning documents of individual protected areas, and the individual regulation of protected objects or selective areas. The management of forests according to the Law on Forests is based on the 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 on the website of the State Forest Service and Nature Conservation Agency. The Regulations on preparation of forest management schemes and forest management plans state that the 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 requirements to leave trees and dead wood for biodiversity protection on 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 the previous management cycle, be incorporated into the new management plan and consequently into operational practice. Nature protection data from state institutions are used in the 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 the nature protection territory. The State Forest Service periodically controls how legal acts targeted at protecting natural values, objects and protected areas are implemented. Maintenance of forest biological diversity is affected by the 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 the forest often is seen as the only income for inhabitants of the countryside and this contributes to unsustainable use of forests. Other factors that impact the forest biodiversity negatively are: melioration, construction of forest roads, and lack of natural disturbance in particular forest habitats.
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	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk**

2.2.5	The process of residue removal minimises harm to ecosystems
Finding	The forest operations shall be planned and implemented following the requirements and procedures set out 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, a 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 the state forest management enterprise AS Latvijas Valsts Meži procedures and best management practice guides. There are no scientific studies or results showing negative impacts of biomass – logging residue removal from forests. However, the opinion of forest scientists in Latvia is outlined in a 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 a 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 the Latvian situation. As a part of good practice recommendations, 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 do not jeopardise 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 large logging residues (10-50 cm in diameter) from the logging plot to limit the spread 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 to increase in 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 purposes 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 stabilisation of technological tracks and there is no threat to the forest ecosystem from harvesting residue removal. In the 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 a consequence of high costs of forwarding and 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 the total harvesting volume is considered too small (ca 20-25%) to consider the level of risk to be specified. The reason for this is because of the very small share of thinning on forest site types growing on poor soils with very low 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**

	Indicator
2.2.6	Negative impacts on ground water, surface water, and water downstream from forest management are minimised
Finding	The Law on Protection Belts and the Law on Forests (Nature Protection Regulations) contain a requirement for the 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 for the 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 is to be targeted to maintain biodiversity and to regulate special areas around water courses which 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 damage to the environment, including watercourses. In addition, the Regulations on Forest Felling define requirements for preparation for forest felling, use of skidding roads, use or temporary bridges or mats for stream crossings, etc. to protect soil and water streams. Technological maps require to provide information on technological tracks, including information on log stacks, water 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 in the area and to discuss and agree the use of forest felling techniques, taking into account the special conditions of felling areas, including protection

	of water streams by avoiding carrying out forest operations close by, to distribute technological tracks, etc. The State Forest Service periodically checks compliance with legal acts targeted to protection of natural values, objects and protected areas. In addition, the regional offices of the Environmental Protection Agency periodically control the management and application of legal requirements for environmental protection. The information on violations is compiled in an annual report available at the website of the State Forest Service. Reports of the State Forest Service show that there is no substantial, 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. 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 and 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 extent 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 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 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**

	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 to, or influence on air quality from forest operations. There is no information on whether the forestry activities/operations have an 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 and the implementation of the requirement is controlled by the state institutions. The requirements for forestry machinery are defined in the Regulations on evaluation of compliance for tractors, trailers and other machines in agriculture and forestry, in order that it will not cause damage to the 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**

	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
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 controlling the use of pesticides and other chemicals for plant protection purposes. Cabinet of Ministers' Regulations Nr. 264 "General Regulations on Protection and Use of Specially Protected Nature Territories" prohibits using plant protection products (pesticides) in forests in territories with any protection status. All plant protection products shall be registered according to defined procedures. Information about registered plant protection products can be obtained on-line on 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 the 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 so as to reduce the permissible amount. The use of chemicals in private forests is not very common; however the general legislation related to the plant protection products shall be followed. In the state forest enterprise there are

	responsible personnel, who are involved in the use and storage of chemicals and have the necessary qualification for training on handling of chemicals. The State Forests enterprise AS LVM annually prepares reports on the use and storage of chemicals. The State Forest Service periodically controls how forest operations in cutting areas are being or have been implemented according to existing legal acts. No substantial violations of plant protection product related legislation have 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 minimise 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**

	Indicator
2.2.9	Methods of waste disposal minimise negative impacts on forest ecosystems
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 be collected and forwarded to special companies that have the necessary licence to dispose of the wastes in an environmentally sound manner. Article 6 of the Law on Forests sets out a requirement to prohibit disposal of wastes in the forest. The Forest management plan, the planning documents of an individual protected area, the individual regulation of protected objects or selective areas defines the requirements and procedures to prevent waste disposal in the forest. The waste issue is relevant in the forests near to cities and recreational objects. It is common practice for forest management companies to 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 take appropriate measures in case of a legal violation. Much of the waste in the forest is left by the general public during the summer season, resulting from the occupation of summer cottages and summer housing whose owners 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, on average 20 complaints about littering in forest areas are received annually by the institution, however recent years show a 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 forests remains high. Since 2005, AS LVM has been 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 of by a third party, 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 a waste collection company, an operator, which has received a licence for waste management. The cost 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 - the guilty party. The impact on the environment at operational level related to waste in the forest is quite low. Both in the state forest enterprise and for private forest owners the prevailing

	practice is 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 deposited and that all legal requirements and good practice is followed. In addition, the 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 available on cases of the leaving of forest waste 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 minimise 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**

	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 the Law on Forest and subsequent Cabinet of Ministers' Regulations No. 238 "On National Forest Monitoring", the Latvian State Forest Research Institute "Silava" is assigned as the executing agency for forest resources monitoring at national level. Forest resources are monitored for a 5-year period, using statistical methods. The first monitoring cycle was implemented during 2004 to -2008, the second monitoring cycle – 2009 to 2013. In total, monitoring is carried out on 9,693 sampling plots distributed evenly all over the country. Each monitoring/sampling plot represents 666ha of forest. During a five year period all sampling plots 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. m³. The national forest resources monitoring data shows that as from the second monitoring cycle, the annual increment in growing stock volume is assessed as being at least 27.3 million m3. The first cycle monitoring data, based on annual ring measurement shows annual growing stock to have increased by 27.63 million m3. This amount is in line with the sustainable development principle that the harvesting rate does not exceed the annual increment and provides 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 m³ in 2000 to 631 million m3 in 2010, which means that since 2000 it has increased by 85 million m³. 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 on the website of the State Forest Service, which is the responsible institution for compilation of statistical information on forest resource use, regeneration and vitality. The annual felling rate in state forests is approved by the Government and shall always be lower than those defined in the forest management plan. On an operational 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 expert estimates are that the biomass resources in the country range from 8.4 to 8.9 million m3 to 12.6 million m3, providing the energy potential from 13 to 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. The 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**

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors
Finding	The analyses made in the National Program on Development of Forest Sector concludes that today there are sufficient qualified forest specialists working in the forest sector to reach the main goals of the forest development program. There is an upward trend in the number of specialists working in the forest sector who are university graduates and highly educated personnel. However, during the last decade the demand for forest specialists with university or a higher education degree has slightly dropped while the demand in the market for professional specialists like harvesting and forwarder operators has increased. For detailed statistical information about forest employees and their qualifications, the trends in recent years can be found on the website of the State Forest Service. The educational system in Latvia provides a broad range of degree-level education, training and scientific knowledge for the forestry sector. State forest enterprises annually analyse the training and qualification demand and prepares an 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 updated in skills on safety and health requirements through attending special courses or instructions. This must be proved by corresponding documents and training records. Many forest cuttings and other forest activities in the state and private forests are performed by contractors, who have the obligation to hold necessary qualifications and corresponding documents. When state forest enterprises organise a tender they ask contractors for the documents which prove their qualifications and 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 Labor 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**

	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 are one of the main Latvian natural resources having principal economic, social and ecological value. Forest is a renewable and growing resource, occupying half of the country's territory and providing substantial economic ecological and social functions. The forestry sector (including the forest industry) constitutes 7-8% of GDP. The forestry sector creates 20% of total added value of industry in the Republic of Latvia and employs 5% of the country's labour force. The Forestry sector exports 70-80% of its products. The State forest enterprise AS LVM in the form of various taxes and royalties pays about 70 million Euros to the state budget annually. The consumption of firewood used for energy is stable. The share of thermal power generation has been steadily increasing and now 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 recent 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% of 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. The largest wood powered boiler house capacity is about 10 MW. Firewood accounts for 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 million 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 provide similar indicators related to the forest sector's contribution to the local economy, namely: forest sector's contribution to the national economy comprises 5-8% annually, out of which in the 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 the forest sector's 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 on the websites 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 Reviewed	• Forest Policy of Latvia (April, 1998) • 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**

	Indicator
2.4.1	The health, vitality and other services provided by forest ecosystems are maintained or improved
Finding	One of the principal goals of the 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 an 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. The State Forest Service is the responsible authority for forest health condition monitoring in all forests in Latvia and so surveys for forest health and issues an opinion on the forest health condition. The State Forest Service carries out forest health condition monitoring in all Latvian forests to ensure that forest management is undertaken in a way that does not cause a deterioration in forest health and provides a timely detection of pest proliferation and outbreaks. In 2013, Harvesting Permits for sanitary felling were issued for 1,393.1 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%) in other forests. Compared to previous years the area of sanitary felling cuts has increased, but the level corresponds 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 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%). A 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 excessively wet conditions, caused mostly by beaver activity. The largest pest outbreaks are associated with 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 were identified. In Daugavpils city forests about 200 hectares of pine stands were 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**

	Indicator
2.4.2	Natural processes, such as fires, pests and diseases are managed appropriately
Finding	The Regulations on forest protection against fires define the general requirements for establishing anti-fire measures, for instance, mineralised lines in forests, as well as setting the procedures for organisation of a 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 is based on the forest management plans where the procedures and measures to verify that natural processes, fires, pests and diseases are managed appropriately and defined. The Forest management plan as the main planning document includes the Forest fire management plan, which comprises a Fire protection line plan, an Operational fire extinguishing plan and maps for 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 an on-ground monitoring system and responsible persons for monitoring and reporting on forest fires. The integrated warning system allows for reporting of forest fires using an integrated phone number. The statistical information about forest fires is available on the website of the 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 workers and personnel are instructed about fire prevention and protection measures and get the appropriate training. In addition, the 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 a fire station car with forest fire brigade is sent to the location of the forest fire. Up to 80% of all forest fires are discovered and extinguished 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 co-ordinated emergency procedure in such situations, co-operation agreements are being concluded with various organisations and fire emergency plans have been drawn up to specify obligations of the involved parties and participation procedures for fires. The Regulations on Tree Felling in Forest define the procedures, responsible institutions and measures for forest protection against pests, diseases and other natural calamities. The monitoring data on forest sanitation conditions and damage are available from the State Forest Service. Statistical data about forest sanitation conditions, measures for forest sanitation protection, list of related legal acts, diseases and pests as well as various scientific reports are available on the website of the State Forest Service. The State Forest Service is the responsible authority for forest health condition monitoring in all forests in Latvia and so surveys for forest health and issues an opinion on forest health conditions. The State Forest Service carries out forest health condition monitoring in all Latvian forests to ensure forest management is undertaken in a way that does not cause a deterioration of forest health and provides a timely detection of pest proliferation and outbreaks. In 2013, Harvesting Permits for sanitary felling were issued for 1,393.1 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%) in other 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 in 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%). A larger scale wind damage is observed in Latgale and Vidzeme regions. In all regions, a relatively large proportion of forest damage is caused by excessively wet conditions, caused mostly by beaver activity.
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**

	Indicator
2.4.3	There is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment
Finding	The 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 national forest legislation. A felling permit is not issued in 1% of cases of application.

	A harvesting permit is not required for certain types of felling works, that is, 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 cases per year in the period 2000 to 2005, to around 400 cases in the years following 2005. The number of known illegal logging cases has been stable over the past years (2010–2013), ranging from 322–663 cases per year, with an extreme of 663 cases in 2014. In 2016, 484 cases of illegal logging were detected in both State and private forests, corresponding to 8,869 m^3 of illegally logged wood. The volume of illegally harvested wood ranges from 8.9 – 20.6 thousand m^3 per year. The share of illegally harvested wood was similar in private and public forests. Judicial statistics for the year 2016 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, in four cases people were convicted of illegal tree felling and damage in year 2016. According to statistical data provided by the State Forest Service, the share of known illegally logged wood in Latvia ranges from 0.08%–0.17% of the total felled timber volume over the last six years (2010-2016). The ratio has been relatively stable, although the latest available data for the years 2015-2016 shows a slight reduction in volume of illegally logged wood. The risk of corruption of forestry officials is substantially minimised through implementation of controls over the issued harvesting permits and completed forestry works. Over the last three years there have been no official cases of bribery reported among persons responsible for issuing harvesting licences. 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". Considering the current score on the Corruption Perception Index (CPI=57, 2016) and the continuously increasing score of the Transparency International Corruption Perception Index for Latvia over the last five years (49 in 2012, 53 in 2013, 55 in 2014, 55 in 2015, 57 in 2016), the very low volume of illegally harvested timber, and a lack of reports of, and no known cases of, corruption in the State Forest Service, the risk is considered as 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** ☐ **Unspecified**

	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
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. A brief evaluation of various reports was undertaken in order to confirm a low risk for protection of traditional people’s rights. All reports state 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**

	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	The main necessities of local communities are related to recreation and mushroom and berry 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 berry 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 exists. It is general practice that state forest enterprise AS LVM allows 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 indicate that there is not a lack of fuel wood for local people and that forest operation does not cause and influence a 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**

	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 grievance and dispute are related to the establishment of tenure and use rights over forests under the restitution process and disputes over borders of properties. There are procedures, which shall be followed during the restitution process when the independent land measurement organisation is hired to define and set the border for the 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 the independent measurement organisation. If no solution is reached, there is the possibility to apply to higher controlling institution (the State Land Service) or to seek solution via a 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** ☐ **Unspecified**

	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. The latest 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	

	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 prohibited in cases 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. The Ministry of Welfare is the responsible institution 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 criminalises some forms of modern slavery, a body to co-ordinate the response, and protections for those vulnerable to modern slavery. There may be evidence that some government policies

	and practices may criminalise 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%, Co-ordination 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%. A 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 a 0% score. The State Labour Inspections annual reports does 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**

	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 Latvia 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 labor, 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. A report of the Ministry of Welfare states that the State Labour Inspectorate prepares methods and recommendations concerning illegal work practices, organises seminars, establishes the procedure of co-operation between officials of supervisory authorities and institutions in organising joint checks, analyses results of control and furnishes conclusions to all authorities and institutions exercising control over illegal work, organises 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. A 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 the wood processing industry in 2011, 3 cases in forestry and 6 cases in the 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 the legal framework, a responsible institution undertaking regular checks on 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**

	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, non-governmental research has been analysed but no major evidence was identified regarding compulsory and/or forced labour in the country. Even though analysed reports of independent sources such as the Special Euro barometer 393, European Commission and The Ministry of Welfare show that recommendations for improvement are given to Latvian acting authorities there is no major evidence of discrimination 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 and submits recommendations and proposals to the Parliament and 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. The 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. A Mechanism for implementation of the Program for the Advancement of Woman has been created and continuously developed, supporting women's issues on all levels. The number of women in the governmental sector has increased. There has been an increase in the number of woman's organisations. 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 was no evidence 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**

	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 a 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 work, 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. A signed employment contract is a basis for obligatory social security payments. In addition to signed contracts, employees working in the forestry sector companies are obliged to have an Employee Licence/Card (Nodarbinātā apliecība) issued by the contractor. The Employee licence/card must be present at a site/plot in the forest. Official statistics from the State Labour Inspectorate do not provide information on cases of illegal employment in the forestry sector. The statistics are provided for the 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). The 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, the 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 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, those employees found without a written contract occurred most frequently in the agriculture and forestry sector (11.0%) in 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 the region where the company is operating. Small and new companies tend to have a higher risk in terms of illegal employment and tax avoidance. 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 is paid in cash avoiding taxes (envelope wage). There is no available information on cases where non-EU foreign workers are 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**

	Indicator
2.8.1	Appropriate safeguards are put in place to protect the health and safety of forest workers
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 an occupational health and safety system in organisations, sets the procedure to 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 the economy. According to State Labour Inspectorate data, the wood processing industry ranks in the top 3 industries with accidents at the workplace. Other top industries with regard to injuries at work are the transport and construction businesses. During the last 5 years, the total number of accidents in the workplace has been in the range of 140-160 accidents per year, including 20-22 heavy injuries and 2 cases with a lethal outcome. The wood harvesting and silviculture industry with 20-25 accidents per year ranks 20 in the top 20. According to statistical data, the 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, the wood processing industry

	accounts for 9-10% of all registered injuries in the work place and the timber harvesting and silviculture sector for 1-2%. The State Labour Inspectorate reports that the 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% of 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% of cases). Most of the administrative fines applied to companies operating in the 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 a 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 each 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 the 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 the opinion of workers. Compared with the survey of 2010, in 2013 the number of respondents who consider they have health disorders caused by occupational hazardous factors has grown by 2%, whereas the number of respondents who considered they do not have any kind of such disorders has decreased by 6% thus equal with the level in 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 in 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 more frequently not followed in companies operating in the 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 the 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 - ertified 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 this indicator targeting companies working in non-certified forests. The arguments for the above-mentioned risk evaluation were discussed during the stakeholder consultation process. Stakeholders support specifying "low risk" for this indicator. Arguments for "low risk" include the fact of increasing mechanisation 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 by mechanical means. Secondly, it is pointed out that there is a regulatory framework in place and strong enforcing mechanisms established with regular inspection and controls at the workplace. The statistical data has been provided by the industry showing a decreasing trend in lethal accidents in the forestry sector since 2010 and no lethal accidents at the workplace in 2013. Thirdly, rapidly developing trade and professional education is mentioned as a contributory factor in reducing the number of accidents in the 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 100,000 inhabitants) showing rather a poor situation in the country in comparison with other EU countries. In the view stakeholders, general Eurostat data alone cannot be used for characterisation of the situation with health and safety issues in the forestry sector and extrapolating general, national data to a particular sector. In the case of the forestry sector, a more appropriate comparison in the opinion of stakeholders would be the comparison of the number 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 under-reporting of accidents, forestry and agriculture being amongst those sectors with the highest number of health disorders caused by occupational factors, forestry and agriculture sectors being mentioned amongst those sectors with the highest risk of not following labour legislation. Stakeholders did not agree with the information provided in the report due to a lack of data on the forestry sector specifically. In response to the stakeholder comments, additional consultancy was carried out in order to seek 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 the forestry sector. The thematic report on the 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 as economy sector 02 Forestry and harvesting according to NACE v.2 classification and includes the 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 the 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); 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 the occupational environment in commercial entities; analysis of accidents in the workplace and an 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 the forestry sector in the 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 with 254.5 registered cases per 100,000 employees in 2012. Since then a downward trend is exhibited. A similar situation is observed in relation to heavy accidents. The low point in the number of registered 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 was recorded. This however is relatively low compared to the number of accidents in 2007. According to the report, the number of heavy accidents in the forestry industry remains high. A different situation is observed with respect to fatal accidents. In this area, the situation in the opinion of the authors is by far less optimistic because the rate of fatal accidents - fatalities per 100,000 employees remains 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 were no fatal accidents at the 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 a 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 in the sector differ from those health risk factors generally found in the work environment. The evaluation of risk factors by employees mentioned most of the risk factors as being at either the same frequency as the average in the country or more often (in several cases even 2-3 times more often); in the view of the authors of the survey, this shows that forestry belongs to a high-risk sector with diversified OH risk factors. Compared to previous surveys, only a few factors are referencd 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 computers, electromagnetic field radiation, and shift work. It is reported that the overall situation regarding employee information on a variety of labour protection issues in the forestry sector has improved. Progress in raising awareness of occupational health and safety issues by employees working in the forestry sector has been noted. By contrast, less than on average, workers have pointed out the availability of information

	on how to act in emergency situations and to familiarise 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 a 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 shows an increasing trend for the 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 use 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 means to prevent and minimise occupational health and safety risk factors at workplace. With regard to the assessment of the occupational environment, it is reported from measurements made in 932 workplaces/processes that in 52% of cases the occupational environment risk factors do not meet the recommended or permissible occupational health and safety standards and norms. 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%). Authors of the survey note the relatively few occupational environment measurements at the workplace in forestry sector companies. In the view of the authors of the study, this could be linked to a low perception of the significance of the quality of the occupational 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 a 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 forms of entrepreneurship. The 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 the forestry and agriculture sectors combined. The overall conclusions regarding the occupational health and safety situation in the forestry sector, based on sector-related analysis report and expert opinion: Accidents at the work place in the forestry sector per 100,000 employed in recent years compared to previous surveys is relatively stable and in general is 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 to be underreporting minor accidents happening in the workplace, 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 in the 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 utilises 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) was in favour of designating this indicator as "low risk". But taking into consideration outcomes of the forestry sector company survey and the opinions 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 who 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 which are carried out exclusively with forest machinery (harvesters). **"Specified risk" is considered for:** Harvesting works which are 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**

	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 Latvian legislation have a protection regime. There are restrictions on management activities in forest stands surrounding biologically valuable mires and bogs to reduce the 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 the 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 Rating	☒ **Low Risk**	☐ **Specified Risk**	☐ **Unspecified**

	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 a National system of accounting of emission units of greenhouse gases related to land use, land use change and the 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 the 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 over the last decade indicate that the LULUCF sector is a net CO2 sink. Since 2008 the living biomass in forest land annually absorbs about 5.8 million tonnes of CO2. The methodology for calculation of the GHG emissions and CO2 removals in the 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 is 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 at improvement of the GHG inventory is the Forest sector competence centre funded project on evaluation of the 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 million tonnes in 1990 to 236 million tonnes in 2008. A considerable increase of carbon stock also takes place in dead wood and harvested wood product carbon pools. Forest inventory data in Latvia is available since 2004; the stand-wise inventory data are available since the beginning of the 20th century although they are not always consistent and complete. A research project was 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, the 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 if 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 increased 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 million m³, average felling stock, including deforestation – 13.9 million m³, natural mortality – 5.8 mill. m3 and the net accumulation – 6.5 million m³ 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-year 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 are 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 forest's 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**

	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, the 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, and 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 practised in the country. The state authorities responsible for controlling the use of GMOs do not possess any information or evidence of unauthorised or commercial use of GM trees in Latvia. The State Plant Protection Agency is responsible for the management of registering of seeds/reproductive material and every registered seed shall be provided with information. There are no genetically modified seeds included in this register. Likewise there are no 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**

Annex 2: Experts consulted

Institution, expert	Role
Ministry of Finance (Finanšu ministrija)	Tax policy, shadow economy
Ministry of Economy (Ekonomikas ministrija)	Tax policy, program on combatting shadow economy
State Revenue Service (Valsts ieņēmumu dienests)	Overview of forestry sector, tax collection, envelope wage issues
Labour Protection Inspectorate (Valsts darba inspekcija),	H&S statistics
Confederation of Employers in Latvia (Latvijas darba devēju konferedācija), anonymous	Shadow economy, envelope wages, expert opinion
State Forest Service (Valsts meža dienests),	Implementation of forest policy, fulfillment of forestry legislation, implementation of EU Timber Regulation
Nature Conservation Agency (Dabas aizsardzības pārvalde), Valdis Pilāts, Rolands Auziņš	WKH, nature protection requirements, indicators 2.1.1, 2.1.2
Riga Stradiņš University Institute for Occupational Safety and Environmental Health (Rīgas Stradiņa universitātes Darba drošības un vides veselības institūts), Ivars Vanadziņš	H&S data, expert opinion on H&S issues in forestry sector
Latvian Fund for Nature (Latvijas dabas fonds), Viesturs Lārmanis, Jānis Ķuze	Risk minimisation measures, related to indicators 2.1.1 and 2.1.2, expert opinion
Pasaules Dabas fonds, Jānis Rozītis	Risk minimisation measures, related to indicators 2.1.1 and 2.1.2, expert opinion
Latvian Society of Ornithologists (Latvijas ornitoloģijas biedrība), Viesturs Ķerus	Bird conservation issues, risk minimisation measures, expert opinion
University of Agriculture, Faculty of Forestry (Lauksaimniecības universitāte, meža fakultāte)	GMO, carbon stocks, sustainable harvesting rate
Stockholm School of Economics Riga, Arnis Sauka	Shadow economy in forest sector, expert opinion
State Inspection for Heritage Protection (Valsts kultūras pieminekļu aizsardzības inspekcija), Aivars Igals	Protection of cultural heritage objects, statistics, expert opinion

Latvian Society of Dendrology (Latvijas dendroloģijas biedrība), Pēteris Edvarts-Bunders	Issues related to alleys and dendrological pathways, statistics, expert opinion

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Annex 4: List of stakeholders

Latvian Biomass Association, LATbio was founded in 2008. The Association's main objectives are: promoting biofuels, including the use of wood energy sector; promoting biofuel production; to represent and lobby for biofuel producers, thus contributing to strengthening Latvian independence in the energy sector, using locally available energy resources. The Association works to unite wood and other renewable energy producers and traders, with a common objective to work closely with the heat and power generators. The Association participates in the development of the Latvian energy strategy, emphasising local renewable energy sources as a key priority; develops and implements a research work plan for optimal biomass technologies in collaboration with scientists of the Institute of Forest Sciences "Silava" and the Latvian University of Agriculture; carries out educational interpretative work in Latvian municipalities in relation to lobbying for renewable energy access and efficiency; assists municipalities and local businesses in finding and attracting new investors in the construction of renewable energy boiler houses.

Latvian Association of Bioenergy is a non-profit seeking organisation which promotes the use of renewable resources for energy production at the national and international level. The Association represents its members/biomass producers in dealing with business development, process management, advanced technology introduction, product quality (standardisation), marketing and policy issues. The Association of Biomass Manufacturers and Consumers is a unifying force, open to all natural and legal persons who seek to develop the biomass collection and processing and biofuel production activities.

Latvian Confederation of Renewable Energy (LAEF) formed by leading associations of the renewable energy sector. LAEF's aim is to harmonise and co-ordinate renewable energy action and non-governmental organisations to represent their relations with state and local government institutions, to promote the renewable energy sector, as well as to increase renewable energy's contribution to the growth of the Latvian economy.

The Latvian Fund for Nature is a non-governmental organisation for the conservation of nature. Its activities are closely related to the preservation of wildlife. Activities include cooperation with national, municipal, scientific, non-governmental, and private institutions in these areas of preservation of rare and disappearing species and their habitats, maintenance and restoration of natural habitats, preservation of water bodies and resources therein, and environmental education.

State Forest Enterprise AS Latvijas Valsts Meži under the Ministry of Agriculture conducts the economic management of state-owned forests attributed to state forest enterprises, organises and co-ordinates restoration, maintenance, protection and utilisation of forests and forest resources enhancing the ecological, environmental, economic, recreational and other socially important values of state forests as the most important components of the whole state forestry by managing them in accordance with the principles of sustainable forest use and by rational use, restoration and enlargement of forest resources.

WWF Latvia is one of oldest Latvian non-governmental environmental organisations and has been operating since 1991. In 2005, the organisation was established as a foundation under the name "World Wildlife Fund". In 2005, the World Wildlife Fund concluded a cooperation agreement with the world's most influential conservation organisations – World Wildlife Foundation (WWF). The organisation shares the common objectives of the World Wildlife Fund and implements joint environmental campaigns and projects.

Agriculture University of Latvia (Faculty of Forestry) is the state institution of higher education and research in Latvia awarding the diplomas and degrees at PhD, MSc and BSc levels in the fields of food sciences, agriculture, forestry, water and land resource management, bioenergy and mechanical engineering, climate change and sustainable use of natural resources.

Latvian State Forest Research Institute "Silava" is the Latvian Forest Research Centre established in 1946. It is the principal scientific research institution in the forest and wood processing sector in Latvia. The institution aims to promote sustainable forest sector development and competitiveness through using scientific methods and acquiring new knowledge and developing innovative technologies.

Associations of Forest Owners represent the interests of private forest owners at local, regional and national levels. Currently there are over 20 regional associations of private forest owners accounting for several thousands of private forest owners.

Annex 5: Stakeholder consultation report

The report contains an overview and summary of outcomes of the stakeholder consultation process for the Sustainable Biomass Program (SBP) risk assessment for Latvia. The risk assessment was conducted as part of SBP risk assessment process in accordance with SBP Risk Assessment Procedure (v1.0). The *Stakeholder consultation report* was prepared in accordance with the SBP Risk Assessment Procedure (v1.0) clause 4.13.

5.1 Stakeholder consultation process

Stakeholder consultation took place from 16 April 2015 to 31 May 2015. The stakeholder consultation process was concluded with a workshop, organised in cooperation with the association of Latvian biomass producers, LATbio, on 25 May 2015. Additional consultation with stakeholders and interested institutions was undertaken in June 2015 as a follow-up to concerns and comments raised by stakeholders.

The principal stakeholders were identified as the biomass sector, the timber processing industry, state authorities, non-governmental organisations working in environmental and social sectors, industry associations, associations of forest owners, certification bodies working in the forestry sector, and scientific institutions/academia. Stakeholders were contacted and notified od the consultation process via email. Over the course of the consultation period, around half of the stakeholders were contacted and invited to receive the risk assessment and provided with the option of participating in the stakeholder workshop.

In total, 102 different stakeholders (institutions) and 118 representatives were identified and notified as part of the stakeholder consultation process. Stakeholders were provided with the risk assessment report. The majority of stakeholders represented companies working in the biomass and timber processing sector, including the largest companies in the sector and state/municipality-owned AS Latvijas Valsts Meži and Rīgas meži, etc. Ten state authorities, subordinate institutions of key ministries responsible for forestry, environment, occupational health and safety, and social issues - Ministry of Agriculture, Environmental Protection and Regional Development, Ministry of Economics and Ministry of Welfare – were involved in the process. 16 non-governmental organisations working in the environmental and social sectors were notified. Five industry associations and four forest owner associations were invited to provide feedback on the risk assessment process. Certification institutions were considered to belong to a different stakeholder group and were invited to participate in the process; all certification bodies working in forestry sector were invited to participate. Two academic institutions – Latvia Agriculture University and State Forest Research Institute “Silava” - were invited to participate. A summary of stakeholders involved in the consultation process is given in table 2 below.

Stakeholder Type	Stakeholders Notified (# of individuals)	Stakeholders consulted directly or provided input (#)
Biomass, timber processing industry, companies	60	25
Non-governmental organisations	16	2
Authorities, government agencies	10	2
Associations	5	2
Certification bodies	5	
Forest owners' associations	4	
Academic, research institutions	2	

Table 2. Stakeholders involved in the SBP risk assessment stakeholder consultation process

A stakeholder meeting was organised on 25 May 2015. The primary purpose of the stakeholder meeting was to provide an introduction to the Sustainable Biomass Program, explain the purpose and objectives of the risk assessment, present the risk assessment process and results and give an opportunity to stakeholders to comment and discuss the risk assessment outcomes and contribute to the overall risk assessment process. See the agenda of the stakeholder workshop in *Appendix 2*.

Around 25 stakeholders representing the biomass and timber processing industry and industry associations took part in the workshop. Proposed indicators with "specified risk" levels were discussed with the stakeholders and concerns raised by the industry were taken into consideration. All participants had an opportunity to comment and express their opinion on the proposed risk levels for particular SBP standard indicators. Participants strongly supported the proposal of the Latvian Biomass Association and Association of Forest Harvesting companies to re-categorise risks for indicators 1.1.2, 1.4.1, 2.2.5 and 2.8.1 from "specified risk" to "low risk". Arguments for lowering the risk level for those indicators were discussed in detail and the arguments made by stakeholders considered as part of the process.

5.2 Summary of stakeholder comments on indicators assigned 'specified risk' status during the risk assessment process

Based on the information collected and analysed during the risk assessment process, the risk level for each criterion was designated and a risk level proposed. For a few indicators "specified risk" was proposed where the available information was not sufficient to assess the risk level or where a consensus of stakeholders was thought to be necessary. Most criteria were proposed as "low risk" status during the risk assessment process with the exception of six criteria for which "specified risk" was proposed. "Specified risk" was proposed for indicators 1.1.2, 1.4.1, 2.1.1, 2.1.2, 2.2.5 and 2.8.1.

During the risk assessment consultation period, written comments on the risk assessment report were received from two associations, two non-governmental organisations and two state authorities. Stakeholders made comments on the analysis and description of the background situation in the risk assessment report as well as questioning allegations and claims. See *Appendix 3* for comments.

Stakeholders representing industry argued that risk levels for most indicators were overestimated and advocated changing the status of "specified risk" to "low risk" for four indicators. Whereas environmental NGOs considered that the risk level for four indicators were underrated and advocated changing the risk status from "low risk" to "specified risk" and broadening the scope of "specified risk" indicators from non-certified forests to all forests for indicators 2.1.1 and 2.1.2. See a summary of stakeholder opinions in *Appendix 1*.

Below is a summary of stakeholder comments for each of the "specified risk" risk indicators.

1.1.2 Feedstock can be traced back to the defined Supply Base

Stakeholders representing the industry indicated that even though the corruption risks in the Russian Federation, Republic of Belarus and Ukraine are considered high according to the Transparency International Corruption Perception Index, the designation of "specified risk" to the actual situation in the country is not well founded. The reason for that lies in the fact that most of the timber imported to Latvia from the Russian Federation is FSC-certified or FSC controlled wood. 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. Imported timber volumes from Ukraine are too negligible to consider.

Implementation of the European Timber Regulation requirements in the management of the supply chain from suppliers located outside the European Union substantially minimises the risks associated with timber legality for feedstock sourced from those countries.

According to stakeholders, the share of imported round timber from the Russian Federation and the Republic of Belarus in the total volume of processed timber in Latvia is considered minor. Considering the 50:50 ratio of logs and sawdust sourced for pellet production, the share of imported logs in pellets can be considered low. Thus, it is considered negligible and therefore rated as "low risk".

SBP Indicator 1.4.1: The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date

Stakeholders representing the timber processing and biomass industry indicated that the high share of the shadow economy cannot be directly related to the forest or forestry sector, referring to the source: "The main contributor to the increase in the shadow economy in Latvia is the increase in under-reporting of business income, i.e., corporate tax evasion. A particularly large increase in the Latvian shadow economy occurred in medium-sized construction companies operating in the Riga region"[1]. Therefore, in the view of the timber/biomass processing industry referencing the shadow economy from a general national level to the timber harvesting/forestry sector is unjustified and sector-specific data are needed.

In the opinion of stakeholders representing the timber industry, the high share of employees receiving the minimum wage is attributable to the low (unfair) status of forest workers in many countries. If the status was higher, salaries would also be higher. Low status of forestry work and associated minimum wages is not equal to having an "envelope wage" (note: envelope wage is a term used to describe the situation when wages are paid to employees unofficially (that is, directly) with no accounting for taxes or health insurance etc. This evidence for specified risk for this indicator is, in the view of stakeholders representing the timber processing industry, rather weak.

Stakeholders representing the biomass processing industry suggested additional arguments for consideration: according to information from stakeholders, about 80-90% of roundwood is surveyed by an independent third-party surveying agency; low rates of effective Personal Income Tax for forest owners do not motivate fraud; and officially registered cases of VAT fraud in roundwood timber deals is very small.

Stakeholders representing the biomass processing industry drew attention to the option to use online tools available at the State Revenue Service to verify the amount of tax paid and the average salary of employees. A buyer can choose the companies with whom to do business based on the average Social Tax payments for employees. In the view of stakeholders, the system allows buyers to decrease the risk of buying roundwood from companies evading employee tax payments. Given the above, stakeholders representing the biomass processing industry suggested changing the risk level for this indicator to "low risk".

2.1.1 The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped

Environmental NGOs pointed out that bird nesting areas for a number of species included in the Bird's Directive Annex 1 are not identified and registered in forest register databases and thus are not protected outside protected territories with a special protection regime.

It was also proposed that "specified risk" for mapping areas with high conservation values, in particular woodland key habitats, should be expanded to cover state forests too. In the view of NGOs, woodland key habitats and EU protected habitats in state forests are inventoried and mapped, however, A/S LVM does not

[1] Shadow Economy Index in Baltic States 2009–2013, Stockholm School of Economics in Riga Sustainable Business Centre

provide information to state authorities (State Forest Service, Nature Conservation Agency), therefore, there is a risk of destroying the woodland key habitats. Environmental NGOs pointed out deficiencies of AS LVM's HCVF screening and identification system, i.e. there have been cases where third parties have identified harvesting activities in forests that are EU protected habitats. Overall environmental NGOs stress that the indicator should be considered as a specified risk not only due to woodland key habitats, but to high conservation values in general.

2.1.2 The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them

While not objecting to the specified risk status, stakeholders representing the timber processing industry questioned the wording of the risk assessment, i.e. "significant areas of woodland key habitats", if no woodland key habitat inventory has been carried out in non-certified forest areas. In the opinion of stakeholders representing timber industry, woodland key habitats in non-certified forest areas represent 2-3% of non-certified forest and therefore cannot be considered "significant" for indicator 2.1.2 and may be "re-categorised to low-risk.".

Environmental NGOs emphasise the threat of forest management activities to forest bird species populations associated with harvesting activities, in particular during the bird nesting period. Given the aforementioned, "specified risk" should be considered not only for non-certified forests, but also extended to all other forests.

2.2.5 The BP has control systems and procedures to verify that residue removal minimises harm to ecosystems

Stakeholders representing the biomass industry referred to experience in Nordic countries that show "no, or minimal, negative effects on the long-term production capacity by removal of forest residues from final felling sites". In the opinion of stakeholders representing the timber processing industry, the risk assessment for this indicator is based on rather weak evidence, since forest site types growing on poor soil types occupy only small areas; there is a relatively low forest density on these site types providing a low volume of residuals and a poor economic incentive and overall therefore a very weak incitement for removal of residues in these forest site types. Stakeholders agree that thinning works do have negative effects, but the share of thinning in the total harvesting volume is considered too small (20-25%) to consider the risk level as "specified risk".

Stakeholders representing the biomass processing industry indicate that forest site types characterised by poor soils occupy approximately 10% of the total forest area in the country. Half of that share (5.1%) constitutes wet forest site types. In the case of wet forest site types, harvesting residues are used for stabilisation of technological tracks and there is no threat to forest ecosystems from the perspective of forest residues removal. In case of dry forest site types, stakeholders point out the low amount of harvesting residues in the mentioned forest site type and low motivation for a forest owner 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. Thus, the stakeholder considers the risk for this indicator should be re-categorised as "low risk".

2.8.1 The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers

Stakeholders representing the timber harvesting industry – Latvian association of independent timber harvesting companies - emphasise that all major forest harvesting companies have solid health and safety procedures in place. Major timber harvesting companies have improved their health and safety procedures and performance in the last ten years due to the ntroduction of modern and advanced harvesting techniques and equipment. Therefore, the association of independent timber harvesting companies supports assigning the risk level for this indicator as 'low risk". Now that most of the harvesting works (80%) are being carried out in a mechanised way, the Association emphasises that high standards with regard to heath and safety issues are maintained in manual felling/harvesting works through good specialised professional education and a solid regulatory legislation framework. The Association provided data of official labour protection statistics showing a decreasing trend in accidents in forestry. In 2013, there were no officially registered cases of work accidents in the forestry sector. Based on this the stakeholders proposed changing the risk status for this indicator to "low risk".

5.3 Additional comments for indicators assigned "low risk" status during the risk assessment process

Some stakeholders expressed concern and made comments on other SBP indicators that had been assigned a "low risk" status during the risk assessment process and proposed changing the risk level to "specified risk". Each indicator is considered below.

1.3.1 The Biomass Producer has control systems and procedures to ensure that feedstock is in compliance with EUTR legality requirements

A stakeholder representing environmental NGOs questioned the "low risk" status for indicator 1.3.1 if the obligation to comply with EUTR requirements "is in the process of fulfillment". In a situation when the EUTR requirements are not fully implemented, the risk status for this indicator should be categorised as "specified risk" instead of "low risk" in the view of stakeholders.

2.2.1 The BP has control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them

A stakeholder representing environmental NGOs commented that in the case of state forests, the assessment of impacts and incorporation of assessment results in planning is not carried out properly. The stakeholder refers to AS LVM's annual environmental review and monitoring reports. The actual report provides a general description of the situation that cannot be related to specific forest management actions and impacts. The information cannot be used for forest management planning in order to minimise the negative impacts of forest management activities. Therefore, the risk level in the opinion of the stakeholder cannot be considered low.

2.2.4 The BP has control systems and procedures to ensure that biodiversity is protected

A stakeholder representing environmental NGOs commented that findings are closely related to indicators 2.1.1 and 2.1.2. In a situation where both 2.1.1 and 2.1.2 indicators are assigned “specified risk”, this indicator should also be assigned a “specified risk”.

2.3.1 Calculations show 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

A stakeholder representing environmental NGOs argued that harvesting levels below production capacity alone does not secure sustainability in social and environmental aspects of forest management and feedstock sourcing. The stakeholder indicated that it is not correct to calculate forest increment and production capacity of the forest in the situation when all nature conservation areas are not excluded from the growing stock calculation (indicators 2.1.1, 2.1.2, 2.2.4) and thus are under threat of destruction.

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

An environmental NGO questioned whether the allegation regarding a short-term reduction of carbon stock in forested land is due to the aging of forests. In addition, the environmental NGO raised questions on how the implementation of nature conservation targets leads to a deterioration of growth conditions and a reduction of carbon sequestration potential.

Environmental NGOs proposed that consideration of the opinion of government officials circulated in the public information media regarding the potential need for the country to reduce the annual harvesting rate in order to maintain the carbon sequestration rate shoud be taken into account. There is a risk that the country will need to buy carbon quotas in the future if the industry output increases and the rate of harvesting stays at the same level.

5.4 Response to stakeholder comments on Risk Assessment indicators and discussion

Below is the response to the stakeholder comments for each indicator.

1.1.2 Feedstock can be traced back to the defined Supply Base

The specification of risk level and arguments for indicator 1.1.2 were discussed during the stakeholder consultation workshop. Workshop participants emphasised that the share of imported timber from both the Russian Federation and the Republic of Belarus is small. In addition, the large share of timber imported from

both countries is re-exported to third countries, primarily other European Union countries. Thirdly, further enforcement of the EU Timber Regulation further minimises the risk of importing and placing on the EU market timber of unknown or illegal origin. 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 1 July 2015. Furthermore, the EU Timber Regulation Competent Authority is constantly working on the implementation of their audit system for imported timber, which includes site visits to importers of timber. No opinions on the issue have been received from other stakeholders. Taking into consideration the above mentioned, the risk level for this indicator has been re-categorised to “low risk”.

SBP Indicator 1.4.1: The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date

Comments for this indicator were received from stakeholders representing the timber/biomass processing industry in writing and also were discussed in detail during the stakeholder consultation workshop. Lack of forest sector-specific data related to the shadow economy and tax evasion has caused the overall criticism of evidence used in the reasoning and argumentation of the risk level for this indicator. Stakeholders representing the biomass processing industry provided objections to the approach, consisting of extrapolating general, nationwide, cross-sectoral data to the forestry sector.

The industry considers that there are already mechanisms in place to combat tax evasion in the forestry sector, namely reverse payment of VAT, the 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 too low to be a motive for fraud in the view of stakeholders. In the view of the industry, these measures should provide a reasonable incentive for forest owners to pay taxes.

In addition, stakeholders point to an additional argument to be considered as factor for risk minimisation, i.e. the measurement of roundwood by an industry-acknowledged independent third party institution. While acknowledging the positive effect on minimisation of the risk, it has to be mentioned that independent roundwood measurement is a requirement for customers purchasing roundwood from AS LVM and used only in the largest sawmills. It is not generally accepted practice to use independent third party services for roundwood measurement in the industry. Risks of tax evasion are generally higher for smaller companies that do not use these third party timber measurement services.

In response to the objections raised by stakeholders, additional consultations were carried out in order to seek additional data or authoritative opinions on the scale of the issue within the forestry sector. After the stakeholder consultation workshop, a number of experts and several institutions were contacted and inquiries made in order to seek additional data and arguments on which to base the risk level.

The outcome of this additional activity shows the generic problem with data on the shadow economy in the country and the contradictory nature of the problem. While there is overall awareness of the issue (the scale of shadow economy in the country) in general, there is a lack of further information on, for example, the distribution of the shadow economy by economy sector, main driving forces, principal actors, etc.

Authors of the study on the shadow economy (Shadow Economy Index in Baltic States, Stockholm School of Economics in Riga Sustainable Business Centre), the Latvian Confederation of Employers, Ministry of Economy, Ministry of Welfare, and State Revenue Service were contacted for information and opinion on the shadow economy's size in the forestry sector. The purpose of consultations was to obtain additional data on the scale of the shadow economy within the forestry sector, i.e. the share of envelope wages and the magnitude of tax avoidance in comparison with other sectors of the economy. Understanding the poor situation with data availability, an authoritative opinion on the issue in the forestry sector was sought from representatives of the aforementioned institutions.

No supplementary quantitative data were obtained during the consultation process. Neither state institutions nor the Sustainable Business Centre at Stockholm School of Economics in Riga provide specific information on the shadow economy or information regarding the scale of in the issue in the forestry sector.

Additional views, opinions and comments on the issue were received during the stakeholder consultation process. A summary of views and comments is provided below.

The Latvian Confederation of Employers (LCE) emphasised positive aspects of the "envelope wage" issue; in the view of the confederation, the "envelope wage" directly reflects the government tax policy in general. According to an interview with an anonymous person in the confederation, the "envelope wage" can be considered the "lesser evil" if choosing between the bankruptcy of the companies operating in the private sector and the subsequent additional load to the social budget and unemployment versus full payment of taxes. LCE does not provide information on the scale of the "envelope wage" in the industry and the forest sector specifically.

The Ministry of Economy, the responsible institution for policy-setting, provided information on the recent initiatives of the government in relation to combatting the shadow economy.

The Shadow Economy Combating Council (SECC) was established by 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 with an update on the progress made so far in reducing the share of the shadow economy, as well as future strategic direction of action on how to reduce the shadow economy to below the European Union (EU) average by 2020. A plan for limiting the shadow economy was presented to the government.

The plan set targets for reducing the share of shadow economy by 5% by 2020. The plan includes actions in a number of areas:

- Tax collection promotion - a horizontal state administration priority;
- Complex solutions for rehabilitation of the shadow economy most affected sectors, including implementation of a 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 SRS and other institutions involved in enforcement of tax legislation;

- Strengthening the dispute settlement (court) and penalty system; and
- Improving the efficiency of tax policy.

The SECC and the government developed an initiative to set the limit of the shadow economy as a horizontal priority for the government during its preparation of the State Budget for 2016. It was agreed to provide maximum support to plans aimed at a reduction of the shadow economy, in particular, in the following priority sectors: construction; retail; wholesale; public transport; and the services sector. Ministries and social partners were asked to submit proposals to tackle the shadow economy. The MoF was responsible for compiling the submitted proposals and making a submission to members of SECC. The SECC approved the Shadow Economy Mitigation Action Plan 2016-2020 with specific tasks for ministries and social partners. During preparation of the 2016 State Budget, shadow economy mitigation measures were considered as a horizontal priority.

The MoF 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 which points to a tightening of the labour market, and an increase in wages. Increases 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 has led to more accurate reporting and a reduction in under-the-table “envelope wages”.

The 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 three principal sources of funds for envelope wages: movement of unregistered money (cash), unpaid Income Tax and unpaid VAT. The State Revenue Service outlines principal sources of funding for payment of envelope wages, whci include: VAT refund fraud through non-existing deals; fraud related use of cash register, i.e. not using a cash register; unjustified lending; and unjustified advance payment issuance.

According to information from the SRS, as of 2012 SRS has initiated work in a number of areas as part of a program to combat the shadow economy: excluding companies from the VAT tax payer register due to an initiative of SRS banning executives from taking posts in companies; suspending companies’ business operations; terminating companies’ business operations; and a 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, and a two-fold 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 compared to 2012. The number of legalised employees, who have switched from receiving “envelope wage” salaries to paying taxes has been steadily increasing from 4,000 employees in 2011 to 14,500 in 2013.

The SRS has come up with a number of legislative initiatives, which have amended existing legislation during the implementation of the shadow economy combatting program. The following are among the most important legislative initiatives proposed:

- Limiting options for lending money to physical persons, stringent regulations for advance payments; established treshholds for lending amount to be notified to the SRS; advance payments 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 the SRS to detect unauthorised interference in cash or system software;
- Changes in public procurement legislation. Amendments allow exclusion of tenderer from a procurement procedure if the tenderer's workers' average monthly income in the first three quarters of the last four quarter period before filing date is less than 80% of the average labour income in a given sector. Furthermore, the 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 SRS for all physical person contracts exceeding €36,000 in a year or every contract that exceeds €3,000 in cash. SRS shall be notified for all individual transactions exceeding €20,000 or a 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 SRS on physical person cash deposits to bank accounts, including those made through an ATM. The credit institution shall notify the SRS of physical person deposits made to a bank account not less than eight times per year, for a total amount of at least €6,000. Also, credit and interest payments, exceeding a total amount of €3,840 per year shall be notified;
- Amendments to the Criminal Code. In order to increase the efficiency of problem solving in relation to criminal offences connected to "envelope wages", the threshold for damages was reduced from 50 minimum wages to 5 minimum wages; and
- 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 SRS has initiated a discussion on 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 on taxpayers - physical persons who have registered commercial activity after the SRS reminder of the obligation to register the economic activity;
- to evaluate the option to declare annual property status separately for set types of information – types of property;
- to evaluate the option of applying new terminated tax levies with the aim of stimulating the creation of new jobs and increasing salaries; and

- to review the base for personal income tax and the different application modes in order to optimise the current tax system, which allows for tax optimisation capabilities.

In summary, there are no data available on the scale of the shadow economy in the forestry sector. The government has launched a nation-wide, cross-sectoral program focusing on minimisation of the share of the shadow economy with the aim of reaching average level of EU by 2020. The SRS has been implementing the measures to reduce the share of shadow economy scale since 2012. The SRS has initiated a number of amendments to legislation which have proven effective results reflected in the SRS statistics.

Given the aforementioned, it has to be noted that there is a positive trend in tackling the shadow economy issue in general and practical steps are being taken towards reducing the "envelope wage" problem by the responsible institutions. 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 a worse position compared to neighbouring countries, in particular Estonia and Lithuania. No detailed information on the scale of the "envelope wage" problem is available specifically for the forestry sector. The authors of the study on the shadow economy and the government consider the following sectorto be characterised with the highest share of the shadow economy: construction; retail; wholesale' public transport; and the services sector.

Given the latest developments in combating the shadow economy by the government, the lack of data on the 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 re-categorise the risk level for this indicator from "specified risk" to "low risk".

SBP Indicator 2.1.1 The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped

Stakeholders representing environmental NGOs have commented on the issue of identification of nature values, including identification of both EU protected habitats and woodland key habitats in state managed forests, and sharing this information with other institutions and non-governmental organisations. Reflecting the concern raised by environmental NGOs, emphasis is placed on certification in the management of state forests. The FSC certification scheme requires forest managers to identify forest areas having high conservation value attributes (known as FSC High Conservation Value Forests), which include areas with high conservation values – including woodland key habitats and EU protected habitats.

Both FSC and PEFC certification schemes imply regular consultation with stakeholders regarding various forest management aspects, including nature conservation issues (FSC Principles 6 and 9, PEFC Criterion 4). In addition, stakeholders have a right to notify a forest manager and its certification body of identified forest management issues. Certified forest managers have a complaints procedure to be followed and are required to notify the certification body. Therefore, forest management certification is considered a substantial means for minimisation of the risk that a biomass producer lacks knowledge on feedstock sourcing areas with high nature conservation values.

Given the above mentioned, forest areas that are FSC/PEFC-certified can be considered low risk territories with regard to identification and mapping of high conservation areas. Thus, it is proposed to leave the risk specification for this indicator intact and designate it as "specified risk" for non-certified forest areas. These

primarily include forest areas owned by private forest owners as well as other owners - municipal, church and other.

Environmental NGOs commented on the issue of mapping bird nesting areas. Nesting areas of a number of species included in the Bird's Directive Annex 1 are not identified and registered in forest register databases and thus are not protected outside protected territories with a special protection regime. The proposal is considered relevant and included in the risk assessment argumentation. Biomass producers shall take this factor into consideration in the supply base evaluation process in cooperation with environmental NGOs.

SBP Indicator 2.1.2 The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them

In reply to comments from environmental NGOs, regarding extending the scope of specified risk to state forests see feedback to indicator 2.1.1. As with 2.1.1, FSC/PEFC forest certification is considered a risk minimisation instrument for this indicator.

Thus, it is proposed to leave the risk specification for this indicator intact and designate it as "specified risk" for non-certified forest areas.

SBP Indicator 2.2.5 The BP has control systems and procedures to verify that residue removal minimises harm to ecosystems

The specification of risk level and arguments for this indicator were discussed during the stakeholder consultation workshop. Workshop participants expressed the point of view that forest site types in poor soils account for a relatively small area, not exceeding 10% of forest covered area in the country, and supported the opinion of the biomass industry to re-categorise the risk level to "low risk". Arguments in favor of re-categorising the risk level for this indicator are as follows: felling residues are used mostly for soil stabilisation in moist forest site types, whereas the volume of felling residues in dry forest site types is much too low to be economically reasonable for biomass feedstock supply;and there is legislation in place to protect deadwood (both standing deadwood and snags), ecological/biodiversity trees, and hollow trees to be followed by logging companies irrespective of forest site type.

Although there is no regulatory requirement to limit the extraction of biomass from forest site types on poor soils, the industry does not see risks associated with the extraction of biomass on forest site types on poor soils due to the reasons mentioned above. No opinion and reflection on the issue was received from other stakeholders, particularly environmental NGOs. Therefore, it is proposed to re-categorise the risk level for this indicator from "specified risk" to "low risk".

SBP Indicator 2.8.1 The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers

The issue of health and safety of forest workers has been discussed in a detail during the stakeholder workshop as the proposal to assign "specified risk" for this indicator received overall criticism. Workshop

participants supported the opinion of the biomass/timber industry which argued for specifying “low risk” to this indicator. Arguments for risk re-categorisation include the fact of increasing mechanisation of harvesting works, i.e. the majority of harvesting works are carried out with forestry machinery. Secondly, it is pointed out that there is a regulatory framework in place and strong enforcing mechanisms established with regular inspection and controls at the workplace. The statistical data provided by the industry shows a decreasing trend in lfatal accidents in the forestry sector since 2010. Thirdly, trade and professional education is mentioned as a contributing factor to reducing of number of accidents at the workplace in the forestry sector.

Workshop participants raised objections to statistical data and its interpretation used in the argumentation of the risk level specification for this indicator. There have been objections to using the health and safety statistics data from Eurostat (number of accidents at workplace per 100k inhabitants) showing rather a poor situation in Latvia compared with other EU countries. In the view of a number workshop participants, general Eurostat data alone cannot be used for characterisation of the situation with health and safety issues in the forestry sector and extrapolating general, national data to any particular sector. In the case of the forestry sector, a more appropriate comparison in the opinion of workshop participants would be a comparison of the number of cases of accidents per number of workers in the industry or the volume of harvested timber. Also, some participants raised concerns for health and safety issues for self-employed workers in the sector, not being employed by a company or legal entity and the problem of reporting the occurrence of accidents.

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 issues reported by NGOs are under-reporting of accidents, forestry and agriculture being among sectors with the highest number of health disorders caused by occupational factors, forestry and agriculture sectors being mentioned among sectors with the highest risk of not following labour legislation. Workshop participants could not agree with the information provided in the report due to the reasons mentioned above, i.e. lack of data on the forestry sector specifically. The situation with regard to occupational health and safety issues has been compiled for forestry and agriculture sectors combined and thus cannot be directly linked to the forestry sector in the view of workshop participants.

The wood processing industry sector in contrast to the forestry sector ranks in the top three industries with the highest number of accidents in the workplace. Wood processing accounts for 10% of all registered injuries in the workplace. However, despite the fact that the biomass processing industry utilises a substantial share (e.g. up to 50%) of feedstock originating from the wood processing industry, the occupational health and safety issues within the wood processing industry are not considered to be within the scope of the indicator.

The outcome of the stakeholder consultation process, as well as considering the fact that health and safety issues from primary and secondary wood processing are not included in the scope of the assessment, favourd specifying a “low risk” to this indicator. Taking into consideration the outcomes of the forestry sector company survey report and the opinions of professional occupational health and safety institutions the risk level cannot be specified as “low risk”. However, information from consultees involved in enforcement and professional institutions shows that the level of the occupational health and safety may vary among the companies working in forestry sector. There are companies with very good occuptation health and safety performance, including companies working as subcontractors for certified forest managers, which are routinely checked for occupational health and safety issues – these are considered to be a low risk group.

On the other hand, it is generally acknowledged that self-employed persons and microenterprises, for instance, working in the forest sector generally have a poor occupational health and safety performance record and can be considered a specified risk group. Therefore, the risk level for this indicator is considered "specified risk" as the risk may vary depending on the biomass feedstock supply base.

5.5 Response to comments for indicators assigned "low risk" status during the risk assessment process, but proposed "specified risk" by stakeholders

1.3.1 The Biomass Producer has control systems and procedures to ensure that feedstock is in compliance with EUTR legality requirements

A stakeholder representing environmental NGOs questioned the low risk status for this indicator if the obligation to comply with EUTR requirements "is in the process of fulfillment ". In a situation where the EUTR requirements are not fully implemented, the risk status for this indicator should be categorised as "specified risk" instead of "low risk" in the view of the stakeholder.

In response to this comment the responsible institution for implementation of the EU Timber Regulation, i.e. the State Forest Service was questioned. Questions included an update on those issues mentioned in the WWF Barometer study (http://barometer.wwf.org.uk/what_we_do/government_barometer/the_illegal_logging_issue/). Information from the State Forest Service regarding the implementation process of the EU Timber Regulation, shows a fast pace of implementation of EU Timber Regulation requirements. According to the information from the State Forest Service, most of issues, particularly those indicated in WWF Barometer survey, have been already resolved or are in the process of implementation. Thus, there are no grounds for re-categorising the risk level for this particular indicator to "specified risk" and the risk level for this indicator is left intact as "low risk".

2.2.1 The BP has control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them

A stakeholder representing environmental NGOs commented that in the case of state forests assessment of impacts and incorporation of assessment results in planning is not carried out properly. The stakeholder refers to AS LVM's environmental review reports. The actual report in the view of the stakeholder provides a general description of the situation that cannot be related to specific forest management actions and related impacts. The information cannot be used for forest management planning in order to minimise negative impacts of forest management activities. Therefore, the risk level in the opinion of the stakeholder cannot be considered low.

As with the response to indicators 2.1.1 and 2.1.2, forest management certification according to FSC/PEFC forest certification schemes involving regular audits by an independent third-party institution is considered a risk mitigation tool. Risk mitigation measures include regular consultation with stakeholders regarding various

forest management aspects, including assessment of forest management impacts and monitoring (FSC Principles 6, 8 and 9, PEFC Criterion 4). The stakeholder consultation process allows stakeholders to notify a forest manager and its certification body on the identified forest management issues. Certified forest managers are obliged to follow a complaints procedure and to notify the certification body of any received complaints. In case of substantial violations of FSC requirements, there is an option to notify or complain to Accreditation Services International, an organisation accrediting and supervising FSC-approved certification bodies. This way the forest management certification is considered a substantial means for minimisation of risks that a biomass feedstock producer would carry out forest management activities without an assessment of impacts and monitoring. Subsequently the risk level for this indicator is left intact as specified in the draft version, i.e. “low risk”.

2.3.1 Calculations show 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

In response to the proposed risk rating for this indicator, a stakeholder representing environmental NGOs argued that harvesting levels below production capacity alone does not secure sustainability in social and environmental aspects of forest management, feedstock sourcing. The stakeholder stipulates that it is not correct to calculate forest increment and production capacity of the forest in the situation when all nature conservation areas are not mapped, known and excluded from the growing stock calculation (indicators 2.1.1, 2.1.2, 2.2.4) and thus are under threat of destruction.

Arguments for risk assessment for this indicator are based on data and results of growing stock calculation. The responsible institution for calculation of growing stock volume is the State Forest Research Institute “Silava”. The growing stock calculations show that current harvesting volume does not exceed the long-term production capacity. Harvesting volumes are provided based on inventory and growth data. SFRI Silava’s growing stock calculation does not exclude territories that are not protected by the current forestry and nature protection legislation. Also, there are no exact data on biodiversity values and the share of high conservation value forests. In the estimation of experts, the share of EU protected habitats and Woodland Key Habitats could be within the range of 3-5% of the total forest area, which is relatively low if looked at from the growing stock calculation perspective. Also, it should be noted that the planned activities of the Ministry of Environment with regard to inventory of EU protected habitats and Woodland Key Habitats will substantially improve knowledge on biodiversity values and will provide grounds for further discussion on the legal status.

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

Environmental NGOs questioned the allegation regarding short-term reduction of carbon stock in forest is due to aging of forests. In addition, environmental NGOs raised questions on how implementation of nature conservation targets leads to a deterioration of growth conditions and reduction of carbon sequestration potential.

Environmental NGOs propose to take into consideration the opinion of government officials circulated in the public information media regarding the potential need for the country to reduce the annual harvesting rate in order to maintain the carbon sequestration rate. There is a risk that that country will need to buy carbon quotas in the future if industry output will increase and the rate of harvesting stays at the same level.

Both stakeholder comments have been taken into consideration and included in the risk description as relevant arguments. However, it is not proposed to re-categorise the risk level for this indicator.

Appendix 1: Summary of stakeholder consultation process

SBP INDICATOR	SBP RISK ASSESSMENT PROCESS PROPOSAL / NEPCON	BIOMASS, TIMBER PROCESSING INDUSTRY OPINION	NON-GOVERNMENTAL ORGANISATION OPINION	FINAL VERSION
1.1.2	Specified risk	**Low risk**	No comments	**Low risk**
1.4.1	Specified risk	**Low risk**	No comments	**Low risk**
2.1.1	Specified risk	Specified risk / **Low risk**	Specified risk, scope expanded to all forests	Specified risk
2.1.2	Specified risk	Specified risk / **Low risk**	Specified risk, scope expanded to all forests	Specified risk
2.2.5	Specified risk	**Low risk**	No comments	**Low risk**
2.8.1	Specified risk	**Low risk**	No comments	Specified risk
1.3.1	**Low risk**	No comments	Specified risk	**Low risk**
2.2.1	**Low risk**	No comments	Specified risk	**Low risk**
2.2.4	**Low risk**	No comments	Specified risk	**Low risk**
2.3.1	**Low risk**	No comments	Specified risk	**Low risk**
2.9.2			Comment	

SBP Indicators, discussed in stakeholder consultation process

1.1.2 Feedstock can be traced back to the defined Supply Base

1.4.1: The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.

2.1.1 The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.

2.1.2 The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them.

2.2.5 The BP has control systems and procedures to verify that residue removal minimises harm to ecosystems.

2.8.1 The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers.

1.3.1 The Biomass Producer has control systems and procedures to ensure that feedstock is in compliance with EUTR legality requirements.

2.2.1 The BP has control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.

2.2.4 The BP has control systems and procedures to ensure that biodiversity is protected.

2.3.1 Calculations show 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.

Appendix 2: Stakeholder workshop agenda

SBP Risk Assessment stakeholder consultation workshop, Riga, Ministry of Agriculture, May 25, 2015

Event	Speaker	Time
Opening meeting	SBP, LATBIO, NEPCon	13.00
SBP general description, standards, aims and tasks	Simon Armstrong, *SBP* – Technical Director	13:15-14.00
SBP risk assessment process and procedure for risk assessment	NEPCon	14:00-14:30
SBP risk assessment results	NEPCon	14:35-15:15
Coffee break		
Discussion of “specified risk” indicators and arguments	Workshop participants	15:30:17:30
Summary	NEPCon	17:30

Appendix 3: Stakeholder notification

06.04.2015

Rīga

Sustainable Biomass Partnership (SBP) riska novērtējums Latvijai – konsultācijas ar iesaistītajām pusēm

SBP standarts

Sustainable Biomass Partnership (SBP) standartu 2013. gadā izveidoja lielākie Eiropas biomasas izmantotāji – nozīmīgākie enerģijas ražotāji, kuri ražošanas procesā izmanto atjaunojamos energoresursus - koksnes granulas un šķeldu. Elektroenerģijas un siltumenerģijas ražošana no biomasas tiek uzskatīta par būtisku tehnoloģiju, kas ļautu palīdzēt sasniegt Eiropas Savienības (ES) nospraustos mērķus atjaunojamās enerģijas izmantošanā līdz 2020. gadam. Šim nolūkam ES dalībvalstīs strādā pie tā, lai nodrošinātu, ka atjaunojamās enerģijas īpatsvara palielināšanā izmantojamā biomasa tiktu izmantota ilgtspējīgi. SBP standarta mērķis ir nodrošināt biomasas izmantotājus ar instrumentu, kas nodrošina, ka enerģijas ražošanā izmantojamā biomasa atbilst dalībvalstu nacionālajai pieejai un vajadzībām.

SBP reģionālais riska novērtējums Latvijai ir sagatavots, pamatojoties uz SBP standarta versiju v1.0 "Feedstock Compliance Standard", kas nosaka galvenos principus, kritērijus un indikatorus, kuri biomasas izmantotājiem ir saistoši. SBP standarta versija v1.0 ir pieejama SBP mājaslapā http://www.sustainablebiomasspartnership.org/documents. Neskaidrību gadījumā, lūdzam kontaktēt NEPCon pa zemāk norādīto tālruni, faksu, epastu vai atstājiet pieprasījumu mājaslapā.

Reģionālā riska novērtējuma mērķis un ietvars

Reģionālā riska novērtējuma (RRN) mērķis ir izvērtēt riskus biomasas ieguvei, kuri saistīti ar mežsaimniecības praksi kopumā nacionālā līmenī un noteikt riska pakāpi SBP standarta indikatoru līmenī. Riska novērtējums attiecas uz visiem mežiem, t.sk. plantāciju mežiem. Konsultāciju mērķis ir iesaistīt dialogā riska novērtējuma procesā iesaistītās puses un dot iespēju pusēm izteikt viedokli un apspriest riska novērtējumu - riska pakāpi standarta indikatoru līmenī.

Konsultāciju periods

Konsultāciju periods tiek plānots 30 dienas, no 6. aprīļa līdz 6. maijam. Riska novērtējums tiks noslēgts nedēļas laikā no pēdējās iesaistīto pušu konsultāciju dienas. Ja būs nepieciešams papildus konsultāciju periods riska novērtējuma gala varianta sagatavošanai, iesaistītās puses tiks attiecīgi informētas.

Iesaistīto pušu ieguldījums

SBP riska novērtējuma ietvaros mēs aicinām iesaistītās puses sniegt komentārus un viedokli par riska novērtējumā identificētajiem riskiem SBP standarta prasību ieviešanai. Mēs aicinām sniegt viedokli un komentārus jebkurā jums ērtā veidā. Jūsu viedoklis ir noderīgs jebkurā riska novērtējuma procesa posmā, taču

mēs dotu priekšroku uzaicināt iesaistītās puses uz SBP riska novērtējuma semināru, kurā dažādām pusēm būtu iespēja apspriest SBP standarta ieviešanas un riska novērtējuma procesu, rezultātus, un veicinātu kompromisa meklējumus strīdīgos standarta prasību punktos.

Jūs variet izteikt viedokli un komentārus šādos veidos:

1. Ņemot dalību SBP riska novērtējuma seminārā. Datums tiks precizēts.
2. Izsakot komentārus telefoniski, kontaktējot pa tālruni +371 29149619;
3. Iesniedzot komentārus rakstveidā pa faksu (faksa nr. +371 67943034) vai epastu (latvia@nepcon.net). Ja vien nebūs norādīts norādīts citādi, visi iesniegtie komentāri, izteiktie viedokļi un priekšlikumi tiks izskatīti konfidenciāli un izmantoti vienīgi SBP standarta riska novērtējuma vajadzībām.

Saņemtie komentāri tiks iekļauti un publiskoti riska novērtējuma gala atskaitē, ja netiks norādīts, ka nevēlaties, lai jūsu viedoklis tiktu pausts. Iesaistītās puses, kuras vēlas apstrīdēt riska novērtējuma procesu un riska novērtējuma procesā iegūtos rezultātus, var vērsties NEPCon saskaņā ar NEPCon strīdu izskatīšanas un risināšanas politiku, kura pieejama NEPCon mājaslapā www.nepcon.net

SBP standarta riska novērtējuma process ir veikts saskaņā ar SBP reģionālā riska novērtējuma procedūru “SBP Regional Risk Assessment Procedure V1.0”. Lūdzam kontaktēt SBP vai NEPCon, lai saņemtu riska novērtējuma procedūru.

NEPCon kontakti

- E-pasts: latvia@nepcon.net
- Mājaslapa: www.nepcon.net
- Tālrunis: + 371 29149619, +371 29655371
- Fakss: +371 67943034
- Pasta adrese: G. Astras 8b, LV-1082 Rīga

Appendix 4: Stakeholder comments

Comment 1 by **Peter Andreasson, individual** representing biomass and timber processing industry;

Comment 2 by **Latvian Biomass Association** (Latvijas biomasas asociācija), NGO representing interests of biomass processing industry;

Comment 3 by **Latvian Association of Independent Timber Harvesting Companies** (Latvijas neatkarīgo mežizstrādātāju asociācija), NGO representing interests of timber harvesting companies;

Comment 4 by **Latvian Society of Ornitology** (Latvijas Ornitoloģijas biedrība), environmental NGO (comment in Latvian);

Comment 5 by **Nature Conservation Agency** (Dabas aizsardzības pārvalde), state authority responsible for implementation and enforcement of nature protection legislation under the Ministry of Environment of Republic of Latvia (comment in Latvian)

Comment 6 by **State Forest Service**, authority responsible for enforcement of forestry legislation under the Ministry of Agriculture of Republic of Latvia.

Comments and suggestions on "*Specified risks*" in NEPCon document:
"SBP Risk Assessment for Latvia", dated February 2015.

***SBP Indicator 1.4.1*: The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.**

Risk Assessment wording: *... 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 issues with VAT, indicated by the State Revenue Service, "envelope wage" issue indicated by the high share of employees receiving minimum wage, the risk for this category is determined as specified for private forest owners.*

Comments: The high share of shadow economy is according to the reference report not connected to forest or forestry sector. It is clearly stated in the report that: *"The main contributor to the increase in the shadow economy in Latvia is the increase in underreporting of business income, i.e., corporate tax evasion. A particularly large increase in the Latvian shadow economy occurred in medium-sized construction companies operating in the Riga region"*. In relation to timber harvesting/forestry sector this evidence is rather weak.

As it is expressed in RA, an expected existence of envelope wages is based on high share of employees receiving minimum wage. Such a conclusion may be wrong if taken into account the fact that forest workers in many countries having a (unfair) low status (Swedish phrase: if you can't get any other work, you can always find job in the forest!). It is therefore not a surprise that forest workers have minimum salaries, if the status would be higher, salaries would also be higher. It will always be some sector which have low status and therefore minimum wages, but such a situation is not equal to having an "envelope wage". This evidence is rather weak.

Suggestion: The evidence for assigning this indicator a "specified risk" for private forest owners is rather weak, and it is therefore reasonable to re-assess this indicator to "low risk".

***SBP Indicator: 2.1.1*: The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.**

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

Comments, general: Presented *Findings* under 2.1.1 are more related to Indicator 2.1.2 than to 2.1.1.

Risk Assessment wording: *under HCV 3: "…However, significant areas of WHK, particularly those located within private forests do not have any protection status and there is a high risk of elimination of WKHs in private owned forests".*

Comments: Is it really possible to say that it is ***significant*** *areas* when nobody really knows, as no WKH inventory have been carried out? Under Indicator 2.1.2; Findings: it is mentioned *3% WKH as an expert estimation*.

Suggestion: It is obvious that no WKH inventory has been carried out on private forest land and therefore areas with high conservation values are not identified and mapped and "specified risk" for Indicator 2.1.1 is consequently eligible.
In case that 2-3 % WKH can be considered not significant the indicator 2.1.2 may be re-categorised to "low risk".

Risk Assessment wording: under *Mitigation Measures, step 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 WHK values?*

Comments: The wording *mature* and *over mature* is not appropriate as it refer to forestry terminology (cutting ages etc.) and not to biological expressions. In the context of WKH/high conservation values there is not existing any mature and over mature forests, they may be old, or very old, but not and never, mature/over mature. Using the word *mature/over mature* as well as *potential WKH* will open the need for further definitions which would be an unnecessary and confused discussion.

Suggestion: There is a clear and well established definition of WKH, therefore the document text should be changed to: …feedstock is not originating from forest stands having WHK values.

SBP Indicator 2.2.5: The BP has control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.

Risk Assessment wording: *Given the lack of provisions in the legislation and best practice recommendations, there is risk that felling residues are extracted for feedstock purpose from all forest site types, including those occuring 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.) the risk for this category is defined as specified.*

Comments: There are existing scientific studies carried out in neighbouring forest rich countries such as Finland and Sweden showing no, or minimal, negative effects on the long term production capacity by removal of forest residues from final felling sites. However, in thinning stands negative effects have been identified (*Helmisaari, H., Hanssen, K.H., Jacobson, S., Kukkola, M., Luiro, J., Saarsalmi, A., Tamminen, P. & Tveite,*

B. (2011). Logging residue removal after thinning in Nordic boreal forests: long-term impact on tree grow th. *Forest Ecology and Management, 261: 1919–1927*).

The assessment regarding this indicator is based on rather weak evidence: small areas with mentioned forest site types; relatively low forest density on those site types gives low amount of residuals which gives poor economy and therefore very weak incitement for removal of residues.

It is a different situation regarding thinning where negative effects have been identified. But on the other hand: the share of thinning is approximately 20-25% of total annual cuttings and thereof a very small share is thinning on poor soil with very small density and volume and it is therefore practically zero incitement for removal of residues.

Suggestion: The evidence for assigning this indicator a "specified risk" is rather weak; areas and volumes involved are negligible and therefore do not justify a "specified risk", and it is therefore reasonable to re-assess this indicator to "low risk".

Peter Andreasson, Riga, April 2015.

LATbio
PERPETUUM MOBILE
Latvian biomass association
www.latbio.lv

Latvian Biomass association LATbio

Comments to the SBP Risk Assessment of Latvia

Riga, 21.05.2015

Latvian biomass association LATbio hereby represents opinion of pellet producers of Latvia. Pellet production in Latvia has a long history and it is a very important industry providing following benefits:

1. producing added value renewable energy wood;
2. transforming renewable energy wood to an international trading commodity;
3. significantly improving competitiveness of Latvian forest&woodworking industry;
4. creating employment in rural areas;
5. paying taxes and giving significant contribution to improvement of overall economical situation of Latvia.

During the years pellet industry of Latvia has been developing and currently Latvia is the second largest (after United States of America) pellet exporter in the world and has one of the highest production standards in the world. Pellet industry is a lively part of forest industry of Latvia. For sake of sustainability and long term development approach pellet industry is directly interested in Latvian forest sustainability. Without sustainable forests as a main raw material pellet industry has no future. Therefore we always do our best to assure that our raw material comes from sustainable sources. Thanks to the Latvian forestry and woodworking practices it has been relatively easy to keep high sustainability standards. Comparing to other countries Latvia has one of the best forestry in the world. It has a very long history and the years it was rapidly developing and improving. In last 100 years Latvia has gained a lot of forests. In the beginning of previous century Latvia was having just about 25% of area covered by forests. Today almost 60% of Latvia is covered by forests. That amount is still very rapidly increasing. Since beginning of this century (previous 14 years) forests of Latvia have increased by approx. 380 thousand ha and total standing wood stock in forests has increased by approx. 125 mln m3. These figures clearly show that the Latvian forestry has very positive attitude to growth and is sustainable. Latvian pellet industry as a part of Latvian forest industry always has been one of the first to maintain high sustainability standards and improvements.

Nevertheless we always are ready to be even better than that. Our pellet producers have been closely cooperating in development of SBP standards and providing positive added value.

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We would like to continue to contribute to the development and implementation of SBP system in Latvia. After reviewing of SBP Risk Assessment done by NEPCON we have had some comments regarding some of the SPECIFIED RISKS. Due to complexity of Latvian forest industry and its fast development pace we believe that probably some arguments have been overseen. Therefore we would like to highlight them and hope for common understanding.

Comments concerning some particular indicators:

Indicator 1.1.2 Feedstock can be traced back to the defined Supply Base.

After evaluating the risk assessment indicating specified risk for imported wood flow hereby we would like to present counterarguments which clearly show that risk associated to imported wood is low:

- In the risk assessment Belarus is named as a high-risk zone due to high index of corruption perception. It is incorrect, because the round timber and lumber are mostly bought in the Belarus Universal Commodities Exchange, where the timber comes from forest districts with FSC certificate;
- The round timber bought from Russia is also mainly with FSC certificate, as most of the exporting long term forest rent contract holders have FSC certificate;
- EU Timber Regulation (EUTR) is in force in the European Union, which provides that the legality of all wood material realized in EU market has to be proven (here legality is understood as "wood is obtained in the country of origin by observing all the forestry and logging legislation of the country of origin"). In our opinion, it is sufficient if BP verifies that the supplier has implemented EUTR in the management of his supply chain. For the importer it means a little bit more (I'm sending the minimal control mechanism harmonized with State Forest Service), whereas the reseller doesn't have to implement anything new;
- According to statistic the proportion of round timber from Russia and Belarus of the total amount of processed round timber in Latvia is very small (approx. 0,4%). Taking into account that in industrial pellet production approx. 50% is coming from round wood (low quality logs from local Latvian forestry) and the rest is from sawdust (which could contain some wood from RUS or BLR) theoretical pellets could contain up to approx. 0,2 % of RUS or BLR wood. According to our view this volume is insubstantial.

Considering all upper mentioned its is clear that *"Indicator 1.1.2 Feedstock can be traced back to the defined Supply Base."* has to be changed to a LOW RISK.

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Indicator 1.4.1 The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.

First of all we have to turn your attention to some inaccuracies in the SBP risk assessment:

- Personal Income Tax paid by the forest owner from the realized growing or cut round timber is 10%, besides it isn't the effective rate. The effective rate for the felling area is 7.5% and for the assortment - 5%, because in accordance with the law: "10.[2] When withholding tax from the income of selling growing forest, before calculating the tax, the forest regeneration expenses are deducted from the paid sum, applying expenses rate of 25% from the paid sum, but from the wood material selling income - the wood material processing and selling expenses, applying expense rate of 50% from the paid sum.";
- It is incorrectly stated about VAT on page 18, that the performer of economic activity with turnover >35 thousand EUR (it must be 50, as stated on page 6) must become a VAT payer. But if a deal, even for a million, is a single deal, then this private person DOESN NOT need to become a VAT payer. VAT payer has to meet two requirements: 1) >50 thousand EUR per year; 2) economic activity is done regularly, instead of a single deal.
- reverse VAT for wood material transactions is in force in Latvia since year 2000;

We would like also to comment on following wording in risk assessment: *"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 issues with VAT, indicated by the State Revenue Service, "envelope wage" issue indicated by the high share of employees receiving minimum wage, the risk for this category is determined as specified for private forest owners."*

Comments: The high share of shadow economy is according to the reference report not connected to forest or forestry sector. It is clearly stated in the report that: "The main contributor to the increase in the shadow economy in Latvia is the increase in underreporting of business income, i.e., corporate tax evasion. A particularly large increase in the Latvian shadow economy occurred in medium-sized construction companies operating in the Riga region". In relation to timber harvesting/forestry sector this evidence is weak.

As it is expressed in risk assessment, "*an expected existence of envelope wages is based on high share of employees receiving minimum wage.*" Such a conclusion may be wrong if taken into account the fact that forest workers in many

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countries having a (unfair) low status. Additionally should be mentioned that in countryside minimum wage is considered (due to far lower costs compared to city) as decent income level to maintain decent life quality level. It is therefore not a surprise that forest workers have minimum salaries, if the status and life costs would be higher, salaries would also be higher. It will always be some sector, which have low status and therefore minimum wages, but such a situation is not equal to having an "envelope wage". This evidence is rather weak.

Additionally we would like to put following arguments for the consideration:

- The third party land survey services are well developed in Latvia, which prevents the illicit flow. Overall in 2014 the independent surveyor has surveyed 7,3 million m3 of round timber at the manufacturer which basically is 80% - 90% of mechanized processing amount.
- 7,5% and 5% effective Personal Income Tax (PIT) rate for the forest owner - private person, are so reasonably low that there isn't much motive for fraud;
- VAT fraud in the round timber deals is very small (the same is stated also in the risk assessment);
- According to SRS analysis: "the employee income of tax payers, whose basic activity is forestry or logging, exceeds the average income in the country by 4-7%."

At the moment there are no problems for acquainting oneself with the amount of particular merchant's paid taxes and for calculating the average salary he pays to his employees (https://www.vid.gov.lv/default.aspx?&tabid=7&id=14&oid=136846). The buyer can make a decision that he will cooperate only with companies, in which the amount of average social tax payments for one paid employee is at least in some level (personal income tax cannot be taken into account, because PIT from dividends for the owner (private person) and PIT from deals with forest owners (private persons) are included in the PIT sum). It would allow to argument that there is a system, which decreases the risk of buying round timber from companies evading employee tax payments.

During the years the payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting has significantly improved reaching high level of legacy and reliability. This significant improvement has been reached by cooperation of forest industry and state authorities. Comparing situation in Latvia to other EU countries it is clear that Latvia has reached one of the highest levels and still is continuing to improve.

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Considering all upper mentioned its is clear that *"Indicator 1.4.1 The BP has control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date."* has to be changed to a LOW RISK.

Indicator 2.2.5 The BP has control systems and procedures to verify that residue removal minimizes harm to ecosystems.

Listed forest types that occupy approximately 10% from the total forest area:

- SI *(Cladinoso-callunosa)* 1%
- Mr *(Vacciniosa)* 2,4%
- Gs *(Callunoso-sphagnosa)*0,2%
- Mrs *(Vaccinioso-sphagnosa)* 1,8%;
- Pv (Sphagnosa) 1,4%
- Av *(Callunosa mel.)*0,3%
- Am *(Vacciniosa mel.)*1,6%
- Kv *(Callunosa turf. mel.)*0,7%
- Km *(Vacciniosa turf. mel.)* 1%

Should be mentioned that most of these forest types (Gs (Callunoso-sphagnosa)0,2%, Mrs (Vaccinioso-sphagnosa) 1,8%; Pv (Sphagnosa) 1,4%, Kv (Callunosa turf. mel.)0,7%, Km (Vacciniosa turf. mel.) 1%, **Totally approx. 5,1%**) are wet forests. That means that from the practical perspective to forward harvested wood out of forest the forest cutting residues (tops&branches&etc) are used as road improvement material – which means that it remains in the cutting area and is not brought out. This means that there is no threat about making harm to ecosystems from the perspective of forest residues removal.

Remaining listed forest types (SI (Cladinoso-callunosa) 1%, Mr (Vacciniosa) 2,4%, Av (Callunosa mel.)0,3%, Am (Vacciniosa mel.)1,6%, **Totally approx. 4,9%**) are stands with low standing stock and mainly pine as main species. This means that the amount of forest cutting residues is very low. In such situations purely from practical and economical reasons there is very low motivation to bring the harvesting residues out. Main reasons:

1. high costs of forwarding which is making forest cutting residues economically "uninteresting";
2. taking into account small average size of cutting sites the total amount of forest cutting residues is bellow 150 loose cubic meters (per place) which is the minimal amount of forest harvesting residues at one location for mobile chippers to move to it;

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Taking into account upper mentioned it is clear that there is very low risk of to harm the ecosystems due to residue removal.

Additionally should be mentioned that there is amount of dead trees, which is protected by law – amount of dead wood, which should be left in the stand and not removed during the forest cutting.

- Logging legislation in forest lands:
  54. When logging, the following growing trees are preserved:
  54.1. for each felling area hectare, at least five ecological trees - previous generation trees, that are able to grow - or if there are no such trees - trees, able to grow, with larger diameter than the average diameter of dominating tree species in the plot. It is recommended to first of all choose oaks, linden, pines, ash-trees, elms, maples, black alders, asps and birches, and also, if there are such, trees with burn marks;

  54.2. trees with large (more than 50cm in diameter) bird nests, if there are such, and also tree rows and the undergrowth around them;

  54.3. hollow trees with diameter of the hollow larger than 10cm, if there are such.

  55. If there are dry trees in the felling area, at least four (for each hectare of felling area) of the thickest fallen, broken or standing dry trees are preserved when logging, choosing first of all the ones with diameter exceeding 50cm in 1,3m above the root neck or in the place of breach, if it is below 1,3m from the root neck.

  63. Wood material must be transported in a way that doesn't damage spring areas, anthill colonies, and geomorphologic formations, fallen trees that are thicker than 50cm, and preserved trees, listed in item 55. If it isn't possible to create trailing road without crossing the fallen dry tree to be preserved, the fallen dry tree must be carefully moved.

- Silava data indicate:
  Amount of dead wood in different forest types

Dead wood	6,1_10 (cm)	10_20 (cm)	20_30 (cm)	>30 (cm)	Total, m^3/ha
1 Dry forests, (Sl, Mr, Ln, Dm, Ds, Vr, Gr, Ms) standing, m^3/ha	0,9	2,8	2,4	2,7	8,8
1 Dry forests (Sl, Mr, Ln, Dm, Ds, Vr, Gr, Ms), fallen, m^3/ha	1,3	5,4	4,4	4,8	15,9
1 Dry forests (Sl, Mr, Ln, Dm, Ds, Vr, Gr, Ms), total dead wood, m^3/ha	**2,2**	**8,2**	**6,8**	**7,5**	**24,7**
2 Moist forests (Gs, Mrs, Dms, Vrs, Grs), standing, m^3/ha	1,0	3,1	2,7	1,9	8,7

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2 Moist forests (Gs, Mrs, Dms, Vrs, Grs), fallen, m^3/ha	1,3	6,5	4,4	3,1	15,4
2 Moist forests (Gs, Mrs, Dms, Vrs, Grs), total dead wood, m^3/ha	**2,3**	**9,7**	**7,1**	**5,0**	**24,1**
3 Wetland forests (Pv, Nd, Db,Lk), standing, m^3/ha	1,3	3,6	2,5	1,3	8,7
3 Wetland forests (Pv, Nd, Db,Lk), fallen, m^3/ha	1,2	5,2	3,7	1,5	11,6
3 Wetland forests (Pv, Nd, Db,Lk) total dead wood, m^3/ha	**2,4**	**8,7**	**6,2**	**2,8**	**20,2**
4 *Mel.* (Av, Am, As, Ap) standing, m^3/ha	1,3	3,3	2,3	2,1	9,0
4 *Mel.* (Av, Am, As, Ap) fallen, m^3/ha	1,5	6,0	5,0	4,3	16,7
4 *Mel.* (Av, Am, As, Ap) ,total dead wood, m^3/ha	**2,7**	**9,3**	**7,3**	**6,4**	**25,8**
5 *Turf.mel.*(Kv, Km, Ks, Kp), standing, m^3/ha	1,1	4,0	3,3	1,7	10,2
5 *Turf.mel.*(Kv, Km, Ks, Kp), fallen, m^3/ha	1,4	7,4	5,0	3,3	17,1
5 *Turf.mel.*(Kv, Km, Ks, Kp), total dead wood, m^3/ha	**2,6**	**11,4**	**8,3**	**5,0**	**27,3**

Considering all upper mentioned its is clear that *"Indicator 2.2.5 The BP has control systems and procedures to verify that residue removal minimizes harm to ecosystems."* has to be changed to a LOW RISK.

Indicator 2.8.1. "The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers."

After investigation of health and safety protection systems and legislation in place we have found arguments showing that health and safety is well maintained and continues to improve.

Forest harvesting industry during the years of development has reached one of the highest work and safety standards. This has been reached mainly by modernizing and mechanising the forest harvesting. About 20 years ago most of forest harvesting (more than 98%) has been done manually – by chainsaw operators. Nowadays the situation has dramatically improved – more than 80% of forest harvesting is done mechanised – by modern harvesters. These machines and the operational procedures of these machines have the highest work and safety standards. It has to be noted that the percentage of forests harvested by modern harvesters is rapidly growing.
Nevertheless the health and safety standards are well maintained also by manual harvesting. The harvesting companies are hiring experienced and

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educated chainsaw operators. There are specialised accredited schools, which educate chainsaw operators. After graduation of this education program person is receiving a licence approving the skills and knowledge. This education program provides the forest harvesting companies with skilled workers and helps maintain health and safety issues.

State is also taking care about health and safety conditions in forestry. There is strong regulatory legislation framework in place, which is regulating companies working in industry. State authorities regularly are controlling the companies. As one of the approvals that system is functioning should be considered official statistic (State Labour Inspectorate of the Republic of Latvia) of accidents in forestry.

	2010	2011	2012	2013
Lethal acidents in forestry	6	3	4	0

It clearly shows improvement and positive tendencies.

Additionally we are adding statement from Latvian association of independent timber harvesting companies which confirms the high level of health and safety in forest operations and continuous improvements.

Considering all upper mentioned its is clear that *"Indicator 2.8.1. "The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers."* has to be changed to a LOW RISK.

We sincerely hope for beneficial mutual cooperation in future.

Didzis Palejs
Chairmen
Latvian biomass association LATbio

LATVIJAS NEATKARĪGO MEŽIZSTRĀDĀTĀJU ASOCIĀCIJA

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SIA NEPCON
Aspazijas bulvāris 24, Rīga, LV-1050

2015. gada 21. maijs
Nr. 1-08/2015

STATEMENT

Concerning SBP Risk assessment

Hereby we are confirming that all major forest harvesting companies in Latvia do have solid health and safety procedures in place. Commenting on SBP Risk assessment we are convinced that the Specified risk ("Indicator 2.8.1. The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers") doesn't reflect the reality. In reality the forest harvesting companies in last 10 years have improved the health and safety conditions a lot. Partly it has been reached thanks to the major shift to far more modern and advanced technologies and partly due to improvement of health and safety standards, procedures. Latvia has solid legislation (compliant with EU requirements and legislation) and competent authorities to control and audit forest harvesting companies. All upper mentioned has lead Latvian forest harvesting industry to high standards and high level of health and safety conditions.
We strongly support position of Latvian biomass association LATbio concerning changing Specified risk ("Indicator 2.8.1. The BP has control systems and procedures to verify that appropriate safeguards are put in place to protect the health and safety of forest workers") to LOW RISK.

Latvian association of independent
timber harvesting companies
director _____/Artūrs Bukonts/

LOB-comments.txt

Labdien!
Atvainojos par kavēšanos, bet šeit nosūtu Latvijas Ornitoloģijas biedrības komentārus par SBP riska novērtējumu Latvijai.

3. lpp. dotā norāde, ka valsts mežus apsaimnieko LVM ir nepilnīga, jo valsts mežus apsaimnieko vēl vairākas institūcijas.

Vietām ir acīmredzamas problēmas ar tulkojumu, piemēram:

- nav skaidrs, kas ir „biosphere polygons", kas minēti 7. lpp.
- nav saprotams 23. lpp. izteiktais apgalvojums „most important forest areas are designated..." Vai domāts „lielākā daļa svarīgo meža teritoriju ir noteiktas" (tad būtu jābūt „most of the important forest areas are designated...") vai „svarīgākās meža teritorijas ir noteiktas" (tad būtu jābūt „the most important forest areas are designated")?
- 23. lpp. norādīts, ka „aggregations of WKH were designated as biosphere reserves", kamēr Latvijā ir tikai viens biosfēras rezervāts.

Tālāk komentāri par 1. pielikumu, norādot indikatoru numurus:

1.3.1. Indikators prasa, lai biomasas ražotājam būtu kontroles sistēma, lai nodrošinātu atbilstību EUTR prasībām. Konstatējuma sadaļā norādīts, ka šādas sistēmas nav („the obligation is in a process of fulfilment"), tāpēc nav saprotams zema riska novērtējums šajā punktā.

2.1.1. Apgalvojums, ka „major HCV have been identified", šķiet nepamatots vismaz bez skaidrojuma, kā jāsaprot „major". Piemēram, liela daļa aizsargājamo putnu ligzdošanas vietu nav ne uzkartētas, ne faktiski aizsargātas un regulāri tiek saņemta informācija par šādu ligzdu izpostīšanu. Virknei Putnu direktīvas 1. pielikuma sugu (mežirbe, vakarlēpis, pelēkā dzilna, melnā dzilna u.c.) ligzdošanas vietas netiek reģistrētas mežsaimniecības plānošanā izmantotās datubāzēs un reāli netiek aizsargātas ārpus īpaši aizsargājamām dabas teritorijām.

Problēma ar dabas vērtību reģistrāciju neattiecas tikai uz privātajiem mežiem, bet arī (un ņemot vērā iespējamo dabas vērtību īpatsvaru, ticami, kā lielākā mērā) uz valsts mežiem (uz ko norādīts arī indikatora 2.1.2. sadaļā „Finding"). LVM gan veic aizsargājamo biotopu kartēšanu, bet šo informāciju nesniedz ne Valsts meža dienestam, ne Dabas aizsardzības pārvaldei, līdz ar to šie biotopi faktiski ir neaizsargāti. Turklāt zināmi gadījumi, kad ES nozīmes biotopi „iziet cauri" LVM pārbaudes filtram un tiek konstatēti tikai tad, kad kāda trešā puse pārbaudījusi ciršanai paredzētās platības. Tas liek domāt, ka gadījumos, kad trešā puse neiesaistās, ES nozīmes aizsargājamie biotopi varētu tikt nocirsti.

Šī indikatora aprakstā norādīts arī, ka „relatively small areas of old-growth forests" lielākoties atrodas valsts īpašumā un ir stingrā aizsardzībā. Šeit jānorāda, kas tiek uzskatīts par „old-growth forest", lai būtu iespējams novērtēt šī apgalvojuma patiesumu.

Apgalvojums, ka ārpus īpaši aizsargājamām teritorijām meža atslēgas biotopi sastopami galvenokārt privātos mežos, visticamāk nav patiess. Šeit jānorāda, uz kādiem datiem šis apgalvojums balstās.

Aprakstā sniegta pretrunīga informācija, vienā teikumā apgalvojot, ka „there are no cultural areas directly related to forests and trees", bet jau aiznākošajā teikumā uzsverot, ka „most of the cultural forests are owned by the state".

Page 1

LOB-comments.txt

Kopumā: Augsts risks šajā indikatorā ir ne tikai privātajos, bet arī valsts mežos. Turklāt tas attiecas ne tikai uz meža atslēgas biotopiem (WKH), bet uz dabas vērtībām kopumā (HCV).

2.1.2. Šeit jānorāda, ka būtisks drauds meža putnu populācijām (t.sk., īpaši aizsargājamām sugām) ir mežizstrāde putnu ligzdošanas laikā (sīkāku informāciju sk. pielikumā esošajā informācijas apkopojumā).

Arī šim indikatoram aktuāli komentāri par indikatoru 2.1.1., un arī šajā gadījumā augsts risks ir ne tikai privātajos mežos un ne tikai attiecībā uz meža atslēgas biotopiem.

2.2.1. Vismaz LVM apsaimniekoto mežu gadījumā trūkst ietekmju vērtēšanas. Vides monitoringa pārskats (sk. http://www.lvm.lv/images/lvm/sabiedribai/Vides_aizsardziba/LVM_vides__parskats_2014_.pdf) lielākoties sniedz tikai situācijas aprakstu, nesaistot to ar konkrētām darbībām vai ietekmēm. Līdz ar to šī informācija nav praktiski izmantojama turpmākas apsaimniekošanas plānošanā, lai mazinātu iespējamās negatīvās ietekmes. Ņemot vērā iepriekš minēto, zema riska noteikšana šim indikatoram nav pamatota.

2.2.4. Sk. komentārus par indikatoriem 2.1.1. un 2.1.2. Arī šajā gadījumā situācija atbilst „specified risk".

2.3.1. Šis indikators būtībā prasa tikai to, lai ciršanas apjomi nepārsniegtu pieaugumu, tāpēc nav vajadzības sniegt (nepatiesu) informāciju, ka tas, ka ciršanas apjoms nepārsniedz pieaugumu, nodrošina sociālo un vides vajadzību ņemšanu vērā. Piemēram, kā jau norādīts iepriekš (t.sk. uz to norāda arī paši izvērtējuma autori) liela daļa dabas vērtību nav iekļautas VMD datubāzē, kas tiek izmantota pieļaujamā ciršanas apjoma aprēķinos. Tātad šīs vērtības var tikt iznīcinātas, arī nodrošinot to, ka ciršanas apjoms atbilst pieļaujamam.

2.9.2. Noslēgumā izteikts šāds apgalvojums: „However, short-term reduction of carbon stock in forest due to aging of forests should be considered, as well as continuous reduction of CO2 removals in protected forests, where implementation of the nature conservation targets will lead to deterioration of growth conditions and reduction of the potential to sequestrate carbon."

Ņemot vērā, ka kā izmantotie informācijas avoti norādīti tikai normatīvie akti, nav saprotama šī apgalvojuma izcelsme un tas, uz kādiem datiem tas balstās. Apgalvojums, ka mežu novecošana rada īstermiņa samazinājumu oglekļa uzkrājumā, ir nepatiess un absurds. Ir vispārzināms, ka veci meži ir viena no galvenajām oglekļa krātuvēm (sk. piemēram, http://www.nature.com/nature/journal/v455/n7210/abs/nature07276.html). Tāpat nav saprotams apgalvojums, ka dabas aizsardzības mērķu īstenošana pasliktina mežu augšanas apstākļus.

Šī indikatora izvērtējumā ņemama vērā arī savulaik plašsaziņas līdzekļos izskanējusī informācija, ka var būt jāsamazina ciršanas apjomi, lai nodrošinātu nepieciešamo CO2 piesaisti:
http://financenet.tvnet.lv/zinas/456579-latvijai_pastav_risks_ka_nakotne_bus_japerk_emisiju_kvotas

Ar cieņu,
Dr. biol. Viesturs Ķerus
Valdes priekšsēdētājs
Latvijas Ornitoloģijas biedrība

Page 2

Pamatojums mežizstrādes miera perioda noteikšanai putnu ligzdošanas laikā

Latvijas Ornitoloģijas biedrība
Sagatavots 2013. g. septembrī

Ievads

Latvijas Ornitoloģijas biedrība (LOB) aicina no 1. aprīļa līdz 30. jūnijam noteikt mežos miera periodu, kurā nenotiek mežizstrāde un jaunaudžu kopšana. Tālāk sniegts pamatojums miera perioda noteikšanai.

Normatīvo aktu prasības

Eiropas Savienības normatīvo aktu prasības

Eiropas Parlamenta un Padomes 2009.gada 30.novembra direktīva 2009/147/EK par savvaļas putnu aizsardzību (Putnu direktīva)[1]

Putnu direktīvas 1. pants nosaka: „Šī direktīva attiecas uz visu tādu savvaļas putnu sugu aizsardzību, kas sastopamas to dalībvalstu Eiropas teritorijā, uz kurām attiecas Līgums."

Direktīvas 5. pants nosaka, ka dalībvalstīm jāveic nepieciešamie pasākumi, lai izveidotu **vispārēju aizsardzības sistēmu visām 1. pantā minētajām putnu sugām**, „jo īpaši aizliedzot:
…
b) apzināti iznīcināt vai bojāt putnu ligzdas un olas vai pārvietot to ligzdas;
…
d) apzināti traucēt putnus, jo īpaši vairošanās un ligzdošanas laikā, ja šādi traucējumi būtiski skar šīs direktīvas mērķus;"

Direktīvas 9. panta 1. punkts nosaka gadījumus, kuros ir pieļaujamas atkāpes no 5. panta prasībām:

„1. Ja nevar rast citu pieņemamu risinājumu, dalībvalstis var atkāpties no 5. līdz 8. panta noteikumiem šādu iemeslu dēļ:
a) - sabiedrības veselības aizsardzības un drošības interesēs,
- lidojumu drošības interesēs,
- lai nepieļautu nopietnu kaitējumu kultūraugiem, lauksaimniecības dzīvniekiem, mežiem, zvejniecībai un ūdeņiem,
- lai aizsargātu floru un faunu;
b) pētniecības un mācību nolūkā, veicot populācijas atjaunošanu, sugu reintrodukciju un šim nolūkam nepieciešamo pavairošanu;
c) lai stingri kontrolētos apstākļos un izlases veidā atļautu nelielā skaitā sagūstīt, turēt vai citādi saprātīgi izmantot dažus putnus."

[1] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:020:0007:01:LV:HTML

Eiropas Savienības Tiesas spriedumi

Vienīgā neskaidrība Putnu direktīvas 5. panta attiecināšanā uz mežizstrādi putnu ligzdošanas laikā ir, vai var uzskatīt, ka, veicot mežizstrādi, putnu ligzdas tiek **apzināti** iznīcinātas un putni **apzināti** traucēti. Šaubas varētu radīt tas, ka ligzdu iznīcināšana un putnu traucēšana nav mežizstrādes mērķis. Mums nav zināmi gadījumi, kad ES Tiesa būtu interpretējusi šo normu, bet ir zināmi spriedumi par līdzīgu normu Eiropas Padomes 1992.gada 21.maija direktīvas 92/43/EEK par dabisko dzīvotņu, savvaļas faunas un floras aizsardzību[2] 12. pantā, kas aizliedz direktīvas IV pielikuma a) daļā uzskaitīto sugu „apzinātu gūstīšanu vai nonāvēšanu", „apzinātu traucēšanu" un „apzinātu postīšanu vai olu vākšanu".

Lieta C-221/04 Eiropas Komisija pret Spāniju: „Lai būtu īstenojies Direktīvas 12. panta 1. punkta a) apakšpunktā paredzētais nosacījums par apzināto raksturu, ir jāpierāda, ka akta darbības veicējs ir vēlējies aizsargātās dzīvnieku sugas īpatņa sagūstīšanu vai nonāvēšanu vai vismaz **ir pieļāvis šādas sagūstīšanas vai nonāvēšanas iespējamību.**"[3]

Lieta C-6/04 Eiropas Komisija pret Apvienoto Karalisti (ģenerāladvokātes Julianas Kokotes secinājumi): „Var palikt neizlemts, kā interpretējams jēdziens "tīši", kas pretēji 12. panta 1. punkta d) apakšpunktam šeit ir izmantots. No sprieduma lietā par jūras bruņurupuci *Caretta caretta*, šķiet, ka šis jēdziens interpretējams kā **apzināta seku pieļaušana**."[4]

Latvijas normatīvo aktu prasības

Latvijas likumdošanā Putnu direktīvas prasības pārnestas gk. ar Sugu un biotopu aizsardzības likumu[5]. Likuma 11. pants nosaka aizliegtās darbības ar īpaši aizsargājamo sugu dzīvniekiem, to skaitā putniem. Starp aizliegtajām darbībām ir arī „2) apzināta traucēšana (īpaši vairošanās, mazuļu augšanas, spalvmešanas, ziemas guļas un migrācijas laikā) un dzīvotņu postīšana" un „3) apzināta putnu ligzdu un olu iznīcināšana vai bojāšana, ligzdu pārvietošana, putnu olu lasīšana un iegūšana arī tad, ja tās ir tukšas".

Putnu direktīvas 1. pielikumā esošais īpaši aizsargājamo putnu sugu saraksts Latvijas likumdošanā pārnests ar MK 2007. gada 27. marta noteikumiem Nr. 211 „Noteikumi par putnu sugu sarakstu, kurām piemēro īpašus dzīvotņu aizsardzības pasākumus, lai nodrošinātu sugu izdzīvošanu un vairošanos izplatības areālā"[6].

[2] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992L0043:LV:HTML

[3] http://curia.europa.eu/juris/document/document.jsf?text=&docid=56981&pageIndex=0&doclang=lv&mode=lst&dir=&occ=first&part=1&cid=3833676

[4] http://curia.europa.eu/juris/document/document.jsf?text=&docid=58359&pageIndex=0&doclang=LV&mode=lst&dir=&occ=first&part=1&cid=3833882

[5] http://likumi.lv/doc.php?id=3941

[6] http://likumi.lv/doc.php?id=155227

Esošie sezonālie ierobežojumi mežsaimnieciskajai darbībai

MK 18.12.2012. noteiktumi Nr. 936 „Dabas aizsardzības noteikumi meža apsaimniekošanā"[7]:

- no 1. aprīļa līdz 30. jūnijam visos mežos aizliegta līdz 10 gadu vecu priežu un lapu koku un līdz 20 gadu vecu egļu mežaudžu kopšana, izņemot jaunaudzes, kur skuju koku vidējais augstums nepārsniedz 0,7 metrus, bet lapu koku vidējais augstums – vienu metru;
- no 1. aprīļa līdz 30. jūnijam ezeru un purvu salās, meža puduros, ūdensteču un ūdenstilpju palienēs, bioloģiski vērtīgās mežaudzēs un aizsargjoslās ap purviem neveic koku ciršanu, augsnes sagatavošanu un meža atjaunošanu ar motorizētu tehniku;
- no 15. aprīļa līdz 30. jūnijam aizliegta galvenā cirte pilsētas mežos;
- no 1. aprīļa līdz 30. septembrim aizliegta galvenā cirte Baltijas jūras un Rīgas jūras līča piekrastes ierobežotas saimnieciskās darbības joslā.

MK 16.03.2010. noteikumi Nr. 264 „Īpaši aizsargājamo dabas teritoriju vispārējie aizsardzības un izmantošanas noteikumi"[8]:

- Dabas liegumos aizliegts veikt mežsaimniecisko darbību no 15. marta līdz 31. jūlijam, izņemot meža ugunsdrošības un ugunsdzēsības pasākumus un bīstamo koku ciršanu un novākšanu;
- Dabas parkos un aizsargājamo ainavu apvidos aizliegts veikt mežsaimniecisko darbību no 15. marta līdz 31. jūlijam, izņemot meža ugunsdrošības un ugunsdzēsības pasākumus, bīstamo koku ciršanu un novākšanu, meža atjaunošanu ar rokas darbarīkiem bez motora, jaunaudžu kopšanu, kur vidējais augstums skuju kokiem ir līdz 0,7 metriem, bet lapu kokiem – līdz vienam metram;

MK 18.12.2012. noteikumi Nr. 940 „Noteikumi par mikroliegumu izveidošanas un apsaimniekošanas kārtību, to aizsardzību, kā arī mikroliegumu un to buferzonu noteikšanu"[9]:

- Buferzonās ap medņu riestu mikroliegumiem aizliegts veikt mežsaimniecisko darbību no 1. marta līdz 31. jūlijam, izņemot ugunsgrēku dzēšanu un meža atjaunošanu, ko veic, izmantojot tikai roku darbu;
- Mikrolieguma buferzonā ir aizliegtas visu veidu cirtes, kokmateriālu pievešana un augsnes mehanizēta sagatavošana šādos laikposmos:
  - ap melnā stārķa, melnās klijas, sarkanās klijas, zivju ērgļa, čūskērgļa, vidējā ērgļa, mazā ērgļa, lielā piekūna, ūpja, vistu vanaga, zaļās vārnas un meža baloža mikroliegumiem – no 1. marta līdz 31. jūlijam;
  - ap jūras ērgļa un klinšu ērgļa mikroliegumiem – no 1. februāra līdz 30. oktobrim.
- Mazā ērgļa aizsardzībai izveidotajos mikroliegumos ir atļauta kaitēkļu bojāto egļu izciršana pēc Valsts meža dienesta sanitārā atzinuma, kā arī sauso vai kritušo koku izvākšana 10 kubikmetru apjomā gada laikā īpašuma robežās no 1. oktobra līdz 31. martam.

[7] http://likumi.lv/doc.php?id=253758
[8] http://likumi.lv/doc.php?id=207283
[9] http://likumi.lv/doc.php?id=253746

Dabas aizsardzības aspekti

Meža putnu aizsardzības un apdraudētības stāvoklis

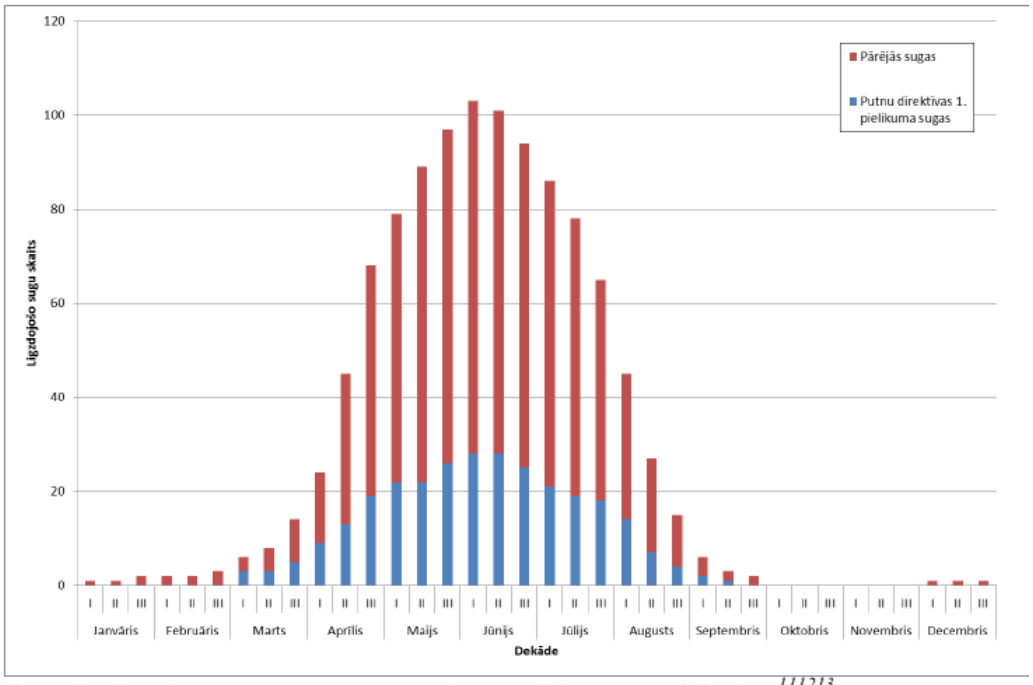
Latvijā ligzdo 103 putnu sugas, kam vismaz daļai populācijas ligzdošanas sezonas laikā nepieciešams mežs (turpmāk tekstā – meža sugas). No šīm sugām 68 (66%) nav paredzēta nekāda juridiskā aizsardzība, izņemot iepriekš minēto Putnu direktīvas prasību aizsargāt visas dabiski sastopamās putnu sugas, bet no juridiski aizsargātajām tikai 19 var veidot mikroliegumus. Vēl astoņu sugu aizsardzībai izveidotas īpaši aizsargājamās dabas teritorijas, taču tās atkarībā no putna sugas ietver vien 0,4–25% populācijas[10]. Astoņām formāli juridiski aizsargātajām sugām specifiski dzīvotņu aizsardzības pasākumi netiek nodrošināti. Protams, daļa šo sugu populāciju ligzdo citu sugu aizsardzībai izveidotās īpaši aizsargājamās dabas teritorijās, mikroliegumos u.tml. vietās, kur netiek veikta mežizstrāde putnu ligzdošanas laikā.

28 no meža putnu sugām ir tādas, kam saskaņā ar MK 2007. gada 27. marta noteikumiem Nr. 211 jānodrošina īpaši dzīvotņu aizsardzības pasākumi. Tās visas, izņemot vienu, ir arī Latvijas īpaši aizsargājamo sugu sarakstā, bet trim no tām netiek veidoti ne mikroliegumi, ne īpaši aizsargājamās dabas teritorijas.

22 (21%) meža putnu sugu ir apdraudēta, no tām septiņām nav nekādas juridiskās aizsardzības un arī divām no formāli aizsargātajām sugām netiek veidoti ne mikroliegumi, ne īpaši aizsargājamās dabas teritorijas.

[10] Račinskis E. 2004. Eiropas Savienības nozīmes putniem nozīmīgās vietas Latvijā. Rīga: LOB.

Ligzdu izpostīšana



1. attēls. Ligzdojošo meža putnu sugu skaits sadalījumā pa dekādēm.[11][12][13]

Meža putnu ligzdošanas sezona Latvijā ir no decembra sākuma līdz septembra beigām. Putnu direktīvas 1. pielikumā iekļautās sugas (atbilstoši Latvijas likumdošanai – sugas, kurām piemēro īpašus dzīvotņu aizsardzības pasākumus) ligzdo laikā no marta sākuma līdz septembra vidum (1. attēls).

Jaunākie aprēķini liecina, ka AS „Latvijas valsts meži" apsaimniekotajos mežos vien ik gadu laikā no 1. aprīļa līdz 30. jūnijam mežizstrādes dēļ iet bojā vismaz 50,9 tūkstoši putnu ligzdu.

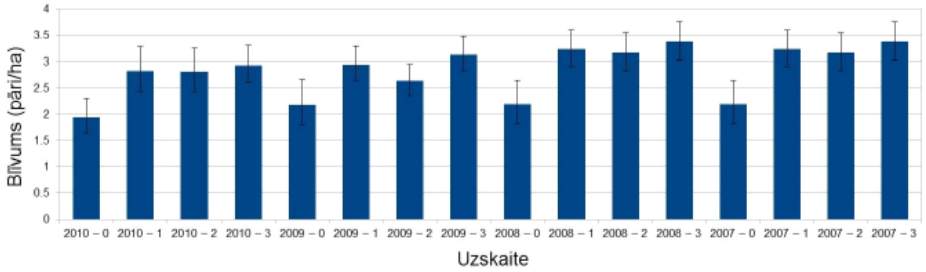
Aprēķina metodika

Putnu blīvums iegūts no Latvijas ligzdojošo putnu uzskaišu datiem. Atbilstoši metodikai[14] putnu uzskaites tiek veiktas četras reizes sezonā – marta beigās, aprīļa beigās, maija vidū un jūnija sākumā. Putni tiek uzskaitīti trīs joslās – līdz 25 m, 25–100 m un vairāk nekā 100 m uz abām pusēm no transekta.

Meža putnu blīvuma aprēķināšanai atlasīti tie uzskaišu maršrutu posmi, kuru apkārtnē (100 m zonā uz abām pusēm no maršruta) vismaz 95% no platības aizņēma mežs.

[11] LOB 1998. Latvijas lauku putni. Rīga.
[12] LOB 1999. Latvijas ūdeņu putni. Rīga.
[13] LOB 2002. Latvijas meža putni. 2. izdevums. Rīga.
[14] Auniņš A. 2009. Latvijas ligzdojošo putnu monitorings. Uzskaišu metodika. Rīga: Latvijas Ornitoloģijas biedrība.

Rēķinot blīvumu, izmantota attālumu novērtēšanas (*distance sampling*) metode[15][16], izmantojot *Distance 6.0 Release 2* programmatūru[17]. Putnu blīvums rēķināts atsevišķi katram gadam un katrai uzskaites reizei (2. attēls). Iegūtais rezultāts rāda uzskaitīto putnu blīvumu attiecīgajā uzskaitē, tomēr patiesais blīvums varētu būt augstāks. Metode pieņem, ka maršrutam tuvākajā joslā (līdz 25 m no maršruta) konstatēšanas varbūtība ir 100%, tomēr šis nosacījums visbiežāk neizpildās un ne visi uzskaišu maršrutam tuvākajā joslā sastopamie putni uzskaitē tiek konstatēti[18]. Konstatēšanas varbūtība sugām variē no mazāk nekā 20% mizložņām līdz apmēram 80% žubītei, atkarībā no uzskaites sezonālā laika. Tādēļ ar diezgan lielu pārliecību var apgalvot, ka ligzdojošo putnu patiesais blīvums ir vismaz divas reizes augstāks nekā šobrīd aprēķinātais.



2. attēls. Putnu blīvums Latvijas ligzdojošo putnu uzskaišu maršrutu posmos, kam vismaz 95% iet caur mežu.

Lai aprēķinātu izpostīto ligzdu skaitu, izvēlēts 2010. gads (uz aprēķina veikšanas brīdi pēdējais gads, par kuru apkopoti uzskaišu rezultāti) un tā 2. uzskaite („vidējā" periodam, kurā tiek aicināts noteikt miera periodu). Šajā uzskaitē konstatētais putnu blīvums ir 2,8 pāri/ha.

Dati par mežizstrādes apjomiem aprīlī–jūnijā iegūti no Zemkopības ministrijas vēstules Latvijas Ornitoloģijas biedrībai (20.09.2012. Nr. 3.2-3/3378/2012), kurā minēts, ka AS „Latvijas valsts meži" ik gadu laika posmā no 1. aprīļa līdz 30. jūnijam veic mežizstrādi vidēji 9576 ha platībā un ka 2012. g. jaunaudžu kopšana minētajā periodā notikusi 8600 ha platībā.

Pieņemts, ka platībā, kurā no 1. aprīļa līdz 30. jūnijam veikta mežizstrāde vai jaunaudžu kopšana, gājušas bojā visas putnu ligzdas, tāpēc bojāgājušo ligzdu skaits rēķināts pēc šādas formulas: (9576 + 8600) X 2,8 = 50892,8

<u>Apsvērumi par labu tam, ka faktiski izpostīto ligzdu skaits varētu būt mazāks:</u>

- Nav zināms, vai 100% uzskaitēs konstatēto putnu arī uzbūvē ligzdas.

[15] Buckland S.T., Andreson D.R., Burnham K.P., Laake J.L., Borchers D.L., Thomas L. 2001. Introduction to Distance Sampling. Oxford: Oxford University Press.
[16] Buckland S.T., Andreson D.R., Burnham K.P., Laake J.L., Borchers D.L., Thomas L. (eds) 2004. Advanced Distance Sampling. Oxford University Press.
[17] Thomas L., Buckland S.T., Rexstad E.A., Laake J.L., Strindberg S., Hedley S.L., Bishop J.R.B., Marques T.A., Burnham K.P. 2010. Distance software: design and analysis of distance sampling surveys for estimating population size. – Journal of Applied Ecology, 47: 5-14. DOI: 10.1111/j.1365-2664.2009.01737.x
[18] Royle J.A., Dawson D.K., Bates S. 2004. Modeling abundance effects in distance sampling. – Ecology, 85: 1591-1597

- Iespējams, ka gadījumos, kad netiek veikta kailcirte, neiet bojā 100% ligzdu, kas atrodas teritorijā, kurā tiek veikta mežizstrāde vai jaunaudžu kopšana.

Apsvērumi par labu tam, ka faktiski izpostīto ligzdu skaits varētu būt lielāks:

- Aprēķins attiecas tikai uz ierosināto miera periodu (aprīlis–jūnijs), nevis visu sezonu, kad mežos sastopamas apdzīvotas putnu ligzdas.
- Aprēķins balstās tikai uz vienu no četrām uzskaitēm. Lai gan daļa konstatēto putnu starp uzskaitēm pārklājas, kopējais maršrutā sastopamo putnu skaits ir lielāks nekā jebkurā atsevišķā uzskaitē.
- Aprēķinā pieņemts, ka putnu konstatēšanas varbūtība maršrutam tuvākajā joslā ir 100%, lai gan zināms, ka arī šajā joslā visi putni netiek konstatēti.

Papildus iepriekš minētajiem apsvērumiem jāņem vērā, ka aprēķins attiecas tikai uz AS „Latvijas valsts meži" apsaimniekotajiem mežiem. Lai gan varētu gaidīt, ka laikā no 1. aprīļa līdz 30. jūnijam mežizstrāde pārējos mežos notiek mazākā apjomā nekā AS „Latvijas valsts meži" apsaimniekotajos mežos, ir skaidrs, ka Latvijā kopumā mežizstrādē bojāgājušo putnu ligzdu skaits ir būtiski lielāks nekā aprēķinātie 50,9 tūkstoši.

Traucējums

Pētījumi par mežsaimnieciskās darbības traucējumu ietekmi uz putniem Latvijā veikti tikai par vienu sugu – melno stārķi[19]. Konstatēts, ka šai sugai neproduktīvu ligzdošanas sezonu var izraisīt gan neliels traucējums ligzdas tuvumā, gan intensīvs traucējums tālāk. Gados, kad traucējumu nav, sekmīgas ligzdošanas varbūtība ir 0,718, bet gados ar traucējumiem tā samazinās līdz 0,184. Laika gaitā mežsaimnieciskās darbības ietekme uz stārķu ligzdošanu ir būtiski palielinājusies.

Melnais stārķis ir vienīgā putnu suga, kas šādā aspektā Latvijā īpaši pētīta, taču zināms, ka mežsaimniecības radītais traucējums negatīvi ietekmē arī citas īpaši aizsargājamās putnu sugas, piemēram, mazo ērgli[20], jūras ērgli[21], rubeni[22]. Zināms arī, ka troksnis traucē medņu riesta norisi[23].

Citas ietekmes

Līdzīgi pētījumi Latvijā nav veikti (nav zināmi), bet Igaunijā izstrādātajā materiālā[24] norādīts vēl uz šādām pavasara-vasaras mežizstrādes negatīvajām ietekmēm:

- augsnes veidošanās palēninašanās vai apstāšanās;
- augsnes mitruma režīma pārmaiņas un erozija;
- koku barošanās apstākļu pasliktināšanās;

[19] Strazds M. 2011. Melnā stārķa saglabāšanas ekoloģija Latvijā. Disertācija. Rīga: Latvijas Universitāte.
[20] Meyburg B.-U., Haraszthy L., Strazds M., Schäffer N. 1997. European Union Species Action Plan for Lesser Spotted Eagle *(Aquila pomarina)*
[21] Helander B., Stjernberg T. 2002. Action Plan for the conservation of White-tailed Sea Eagle (*Haliaeetus albicilla*). BirdLife International.
[22] Liepa V., Račinskis E., Kalvāns A., Hofmanis H. 2003. Rubeņu *Tetrao tetrix* aizsardzības plāns Latvijā. Latvijas Ornitoloģijas biedrība.
[23] Hofmanis H., Strazds M. 2004. Medņa *Tetrao urogallus* L. aizsardzības plāns Latvijā. Rīga: Latvijas Ornitoloģijas biedrība.
[24] Lõhmus A., Eesti Ornitoloogiaühingu linnukaitsekomisjon 1999. Eesti metsalinnustiku kaitse. Tartu.

- sēņu ražas samazināšanās;
- zemsedzes augu bojāšana;
- saglabāto koku bojāšana un tai sekojoša masveida bojāeja;
- patogēnu labāka izplatīšanās.

Sabiedrības viedoklis

„Latvijas Fakti" veiktā aptauja[25]

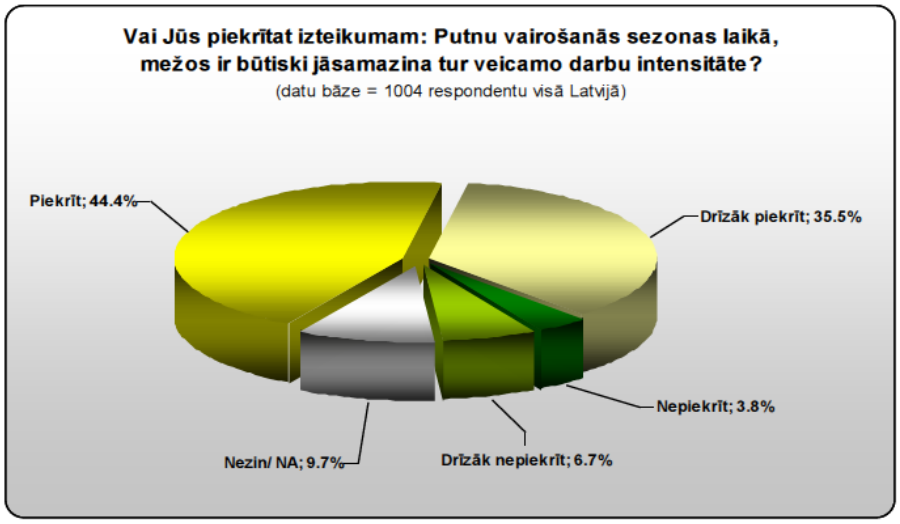
Pēc Latvijas Ornitoloģijas biedrības pasūtījuma 2008. gadā „Latvijas Fakti" veica iedzīvotāju aptauju, lai noskaidrotu sabiedrības attieksmi pret mežsaimniecisko darbību putnu ligzdošanas laikā.

Aptaujā pēc stratificētās nejaušības principa tika iekļauti 1004 Latvijas Republikas pastāvīgie iedzīvotāji vecumā no 15 līdz 74 gadiem. Aptauja tika veikta izmantojot tiešās (personīgās) intervēšanas metodi respondentu dzīves vietās.

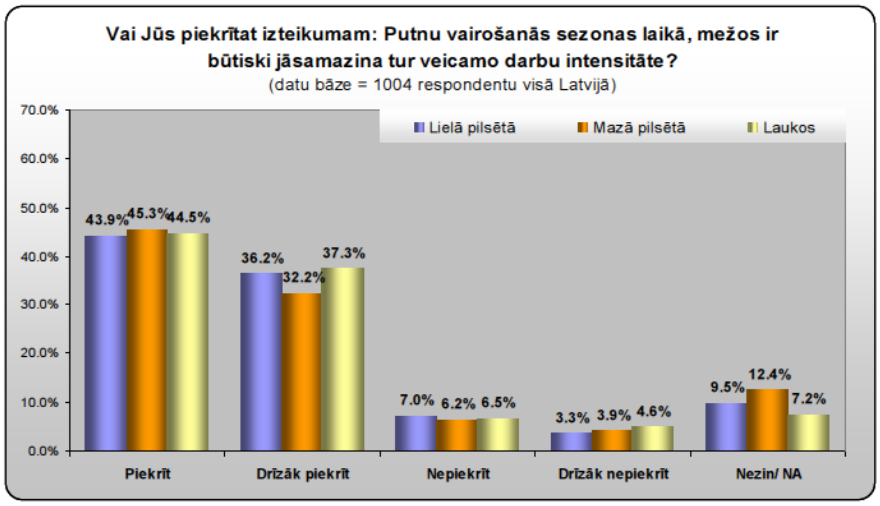
Aptaujas jautājums:
" Es nolasīšu izteikumu, un Jūs, lūdzu, pasakiet man, vai Jūs tam - piekrītat, drīzāk piekrītat, drīzāk nepiekrītat vai nepiekrītat?

- Putnu vairošanās sezonas laikā - no aprīļa sākuma līdz Jāņiem - mežos ir būtiski jāsamazina tur veicamo darbu intensitāte, atļaujot veikt tikai to, ko citā laikā nevar darīt."

Aptaujas rezultāti parādīja, ka iepriekš minētajam apgalvojumam piekrīt vai drīzāk piekrīt 79,9% Latvijas iedzīvotāju.



[25] Attieksme pret mežos veicamo darbu intensitāti putnu vairošanās sezonas laikā. Sabiedriskās domas aptauja. „Latvijas Fakti". 2008. gada septembris.



LOB veiktā aptauja

Ņemot vērā to, ka LOB veiktā aptauja tika īstenota caur LOB interneta lapu, tās rezultātus nevar uzskatīt par reprezentatīviem Latvijai kopumā (var pieņemt, ka vairākums LOB interneta lapas apmeklētāju ir ar noslieci par labu dabas aizsardzībai), tomēr daļa no iegūtajiem rezultātiem ir atzīmēšanas vērti.

Aptaujā piedalījās 435 respondenti, no kuriem 115 (26,4%) bija meža īpašnieki (tātad to īpatsvars bija lielāks nekā Latvijā kopumā). 130 (29,9%) respondentu bija norādījuši, ka to ienākumi ir atkarīgi no meža.

Kopumā mežizstrādes pārtraukuma putnu ligzdošanas laikā atbalstu pauda 84% respondentu. Meža īpašnieku un iedzīvotāju, kuru ienākumi ir atkarīgi no meža, atbalsts bija mazāks, tomēr arī šajos gadījumos mežizstrādes pārtraukumu atbalstīja absolūtais vairākums, attiecīgi 77% un 80,8%.

Petīcija

Laikā no 2012. gada 14. maija līdz 31. jūlijam interneta lapā www.necertpavasari.lv 3159 cilvēki, no kuriem vairāk nekā 90% bija Latvijas iedzīvotāji vai ārzemju latvieši parakstīja aicinājumu ministru prezidentam Valdim Dombrovskim putnu vairošanās sezonu laikā no 1. aprīļa līdz 30. jūnijam noteikt par kluso periodu, kura laikā nenotiek meža ciršana un netiek veikta jaunaudžu kopšana.

Galvenie secinājumi

1. Putnu ligzdu postīšana (precīzāk – šādas postīšanas pieļaušana meža apsaimniekošanu regulējošajos normatīvajos aktos) ir neatbilstoša Putnu direktīvai neatkarīgi no izpostīto ligzdu skaita un to izpostīšanas ietekmes uz populāciju būtiskuma.

2. Putnu ligzdu postīšanu var uzskatīt par apzinātu arī tad, ja tā nav mežizstrādes mērķis, bet mežizstrādes veicējs apzinās, ka tā darbības rezultātā putnu ligzdas tiek izpostītas.
3. Mežizstrāde, neatkarīgi no tās ekonomiskās nozīmes, nav iemesls, kura dēļ iespējama atkāpe no Putnu direktīvas prasībām.
4. Putnu direktīvas prasības Latvijā pārņemtas ar Sugu un biotopu aizsardzības likumu, un spēkā esošie normatīvie akti jau nosaka vairākus sezonālus ierobežojumus mežizstrādei un jaunaudžu kopšanai, tomēr netiek nodrošināta Putnu direktīvā prasītā „vispārējā aizsardzības sistēma" visu dabiski savvaļā sastopamo putnu sugu aizsardzībai.
5. Katru gadu laikā no 1. aprīļa līdz 30. jūnijam AS „Latvijas valsts meži" apsaimniekotajos mežos vien mežizstrādes un jaunaudžu kopšanas dēļ iet bojā vismaz 50,9 tūkstoši putnu ligzdu. Ticami, ka kopējais mežsaimnieciskās darbības izpostīto ligzdu skaits ir būtiski lielāks.
6. Mežsaimnieciskās darbības dēļ iet bojā arī īpaši aizsargājamu un apdraudētu putnu sugu ligzdas, jo tikai nelielai daļai šo sugu populāciju ir nodrošināta praktiska aizsardzība.
7. Mežsaimnieciskās darbības traucējums būtiski negatīvi ietekmē melnā stārķa populāciju. Ticama ir negatīva ietekme arī uz citām īpaši aizsargājamām putnu sugām.
8. Latvijas iedzīvotāju vairākums atbalsta miera perioda noteikšanu putnu ligzdošanas laikā. Mežizstrādes ierobežojumus atbalsta arī daļa meža īpašnieku un iedzīvotāju, kuru ienākumi ir atkarīgi no meža.

Dabas aizsardzības pārvalde

Baznīcas iela 7, Sigulda, LV-2150, tālr. 67509545, fakss 67509544, e-pasts daba@daba.gov.lv

Siguldā

08.06.2015. Nr.1.6./251/2015-N-E
Uz 05.05.2015. Nr. b/n

NEPCon
G.Astras iela 8b, Rīga, LV-1082
e-pasts: latvia@nepcon.net

Par "SBP Risk Assessment for Latvia"

Dabas aizsardzības pārvalde (turpmāk – Pārvalde) ir saņēmusi un izskatījusi ziņojumu "SBP Risk Assessment for Latvia" (turpmāk – Ziņojums) un sniedz sekojošus komentārus:

1. Ziņojuma **7.lpp**. norādīts:

a) "*2.1.1 The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.*
...There are plans in coming years to carry out full Woodland Key Habitat and European Forest Habitat inventory in all forests in the country. Active survey and identification of Woodland key habitats take place in state forests and FSC certified private forests, which follow requirements of FSC Principle 9."
Attiecībā uz šo rindkopu un visā pārējā Ziņojumā aicinām izmantot precīzu terminoloģiju. "Woodland Key Habitat" inventarizācija ir notikusi 2000.gadu sākumā, bet šobrīd tiek veikta un nākotnē plānota Eiropas Savienības (turpmāk – ES) nozīmes īpaši aizsargājamo biotopu inventarizācija. ES nozīmes īpaši aizsargājamie biotopi sevī ietver arī dabiskos meža biotopus. Lūdzam visā Ziņojuma tekstā lietot terminu "EU protected habitats".

b) "*Taking into account the aforementioned information it must be concluded that there is a significant damage in WKH located in private forests and it is proposed to assign...*"
Ziņojumā nepieciešams papildus izvērtēt, vai ir mehānisms un sistēma (ne tikai valsts iestāžu jomā), lai novērtētu, vai privātajos mežos tiek pievērsta pietiekoša uzmanība ES nozīmes īpaši aizsargājamo biotopu aizsardzībai un biomasa tiek iegūta atbilstoši prasībām.

c) "*2.1.2 The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them. Representative samples of natural forest habitats and valuable ecosystems in Latvia are surveyed, identified and protected under the 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. Close to natural forest parcels with high biodiversity are identified as Woodland key habitats (WKH). Aggregations of WKH were designated as biosphere polygons at national level or as Natura 2000 sites in EU level.*"
Minētajā apgalvojumā nepieciešams vairāk atspoguļot situāciju Latvijā, jo konkrētā redakcija vairāk raksturo situāciju Lietuvā. Latvijā īpaši aizsargājamos biotopus iekļauj Natura 2000 teritorijās vai mikroliegumos, ne visi meža masīvi atrodas valsts aizsardzībā.

d) *"specified risk for this criterion in relation to protection of Woodland Key Habitats in private forests against negative impacts of forest activities..."*

Aicinām šo tēzi papildināt ar atsauci arī uz valsts īpašumā esošiem mežiem.

e) *"The proposed controlled measures include the possibility for the BP to use any available information resources in order to check that the coming material is not from WKH. In order to accept the wood, the client could ask the supplier for additional information or implementation of certain measures, ..."*

Lūdzam sīkāk aprakstīt, kādi pasākumi nākotnē ļaus izmantot iespēju pārliecināties par to, ka resursi netiek iegūti no īpaši aizsargājama biotopa.

2. Ziņojuma **10. un 23.lpp**. norādīts:

a) *"All timber is sold together with copy of felling permit. There is requirement to include reference to timber origin/loading place and reference to felling permit Nr. Location of felling area – plot is provided in the felling permit and thus it is possible to check if the timber is not from sites protected species habitants. Checking if the timber is not originated from conservation area can be done for instance via the online register "Ozols" at Nature Protection Board (Dabas aizsardzības pārvalde) (general information, free of charge http://ozols.daba.gov.lv/pub/Life/). Registered users can access detailed information on place of forest origin down to sub-compartment level."*
Norādam, ka atbilstoši spēkā esošo normatīvo aktu prasībām šādiem mērķiem nav paredzēts piešķirt reģistrēta lietotāja pieeju dabas datu pārvaldības sistēmai „Ozols", kā arī līdz šim šādas pieejas nav prasītas un piešķirtas. Attiecīgi jāpārvērtē informācijas ieguve un riska pakāpe.

b) *"HCV 2 – large woodland territories: UNESCO world heritage sites, Ramsar sites, forests in strict nature reserves, biosphere reserves, reserves of national or regional parks."*
Lūdzam precizēt aprakstu atbilstoši situācijai Latvijā.

c) *"Other important for biodiversity 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. Currently there is no evidence, that remaining important large scale forests are impacted by forestry practices. Majority of important landscape level ecosystems are designated as nature conservation areas in national level."*
Lūdzam precizēt atbilstoši esošajai situācijai Latvijā, izvērtējot mežsaimnieciskās darbības ierobežojumus attiecīgās kategorijas īpaši aizsargājamās dabas teritorijās.

d) *"Currently in Latvia there are no virgin forests, remaining relatively small areas of old-grow forests belong mostly to the state and are under strict protection included in the strict reserves or strict reserve zones of regional parks. Representative samples of natural forest habitats and valuable ecosystems are 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".*
Minētais apraksts raksturīgs situācijai Lietuvā, lūdzam precizēt atbilstoši situācijai Latvijā.

e) *"All Natura 2000 sites overlap with national protected areas and are protected on both national and international level. Semi-natural forest parcels with high biodiversity are identified as Woodland key habitats (WKH). Aggregations of WKH were designated as biosphere reserves in national level or as Natura 2000 sites in EU level."*
Minētais apraksts raksturīgs situācijai Lietuvā, lūdzam precizēt atbilstoši situācijai Latvijā.

f) *"However, there are areas of WKH that are outside protected areas, particularly in private forests. Most of old growth forests in Latvia belong to the state and are under strict protection. No cases of timber logging in such territories were registered."*
Ja "old growth forests" jēdziens nozīmē to pašu kas "WKH", tad Latvijā normatīvie akti šādas vietas ārpus īpaši aizsargājamām dabas teritorijām un mikroliegumiem faktiski neaizsargā, un "WKH" reģistrs kā tāds nav pieejams, kā arī nav veikts pilnīgs īpaši aizsargājamo biotopu kartējums valsts līmenī. Līdz ar to nevar pārliecināties, vai šādās teritorijās nenotiek mežizstrāde.

3. Ziņojuma **24.lpp**. norādīts:

a) *"According to current regulation forests areas belonging to Natura 2000 sites should be managed by both forest management and (or) nature management plans. In present not all Natura 2000 sites have nature management plans therefore majority are managed only by general nature protection legislation or subsequently - forest management plans. Majority of WKHs have certain level 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 within private forests do not have any protection status and there is a high risk of elimination of WKHs in private owned forests. Given above considerations the risk level for this subcategory is considered specified risk."*
Ja vien īpaši aizsargājamās dabas teritorijas vispārējie vai individuālie aizsardzības un izmantošanas noteikumi nenosaka konkrētas aizliegtās darbības attiecīgajā funkcionālajā zonā, netiek ierobežota ciršana īpaši aizsargājamos biotopos. Lūdzam ņemt vērā un jau analīzes sākumā norādīt, ka Latvijā stingri tiek aizsargāti tikai tie īpaši aizsargājamie biotopi (kas var ietvert/pārklāties ar WKH), kam ir izveidoti mikroliegumi (27.lpp. minēts, ka "*Requirements to protect woodland key habitats are not envisaged by current forestry and environmental legislation.*"). Papildus norādām, ka meža apsaimniekošanas plāni šobrīd juridiski saistoši ir tikai Gaujas nacionālajā parkā un Ķemeru nacionālajā parkā.

b) *"HCV6. Forest and parks in or around objects of cultural heritage, ... However, in Latvia there are no cultural areas directly related to the forests and trees. Some forests are inside cities, manor parks, urban forests, forests of the important historical sites."*
Pretrunīgi apgalvojumi. Latvijā ir liels skaits muižu parku, senāk veidotu dendroloģisku stādījumu, kas šobrīd neapsaimniekošanas dēļ kļuvuši par mežiem. Vienīgi šāda informācija nav apkopota.

4. Ziņojuma **35.lpp.** norādīts:
"2.2.4 The BP has control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Harvesting is permitted depending on the management and protection regime of particular forest territory. ..."
Indikatora apraksts pilnībā neatbilst indikatora nosaukumam. Līdzīgi lūdzam izvērtēt arī 2.2.5, 2.2.6, 2.4.1. punktos minēto.

5. Papildus aicinām izvērtēt risku, vai notiek nepieciešamā informācijas apmaiņa par dabas vērtībām starp valsts un privāto mežu apsaimniekotājiem un valsts iestādēm (Valsts meža dienestu, Dabas aizsardzības pārvaldi, AS "Latvijas Valsts meži").

Ar cieņu
Ģenerāldirektore S.Bērziņa

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Dokuments ir parakstīts ar drošu elektronisko parakstu un satur laika zīmogu

1.3.1. The Biomass Producer has control systems and procedures to ensure that feedstock is in compliance with EUTR legality requirements.

"Implementation of the EU Timber Regulation (EUTR) started in January 2014~~o ccurred relatively recently~~. Through the Regulation, the Competent Authority (CA) is – in this case the State Forest Service, Ministry of Agriculture – has been ~~designated as required~~. The ~~-~~CA has developed its risk assessment and control system, as well as has worked on awareness building within the industry. In August 2014, it started checks on operators.

~~In Latvia, So far no detailed instructions or advices have been provided by the Competent Authority. Inspections and controls of wood sector companies have not yet started. According to information from the Competent Authority, inspections and control of companies is envisaged commencing in 2015.~~ tThe 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 are small and most of the wood is imported via other EU countries. There is some risk of illegal wood entering from neighbo~~u~~ring non-EU countries – the Republic of Belarus and the Russian Federation. 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. Therefore the risk of sourcing illegally harvested wood within the framework of the EUI44 Timber Regulation is considered low.

Legislation regarding penalties and confiscation, covering all timber products as provided in the EUTR, is in place since 1st July 2015, while effective, proportionate and dissuasive penalties covering

~~The legislation covers d~~domestic~~omestic~~ production has been in place long before EUTR~~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. ~~In this way, so~~ for domestic production, the requirements of EU Timber Regulation 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 trends towards a reduction in illegal timber harvesting in Latvia over the past 15 years. Furthermore, the CA is constantly working on improvements of their audit system on locally harvested timber, which includes large numbers of site visits.

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