

Due Diligence System

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General discription of Due Dilligence system

The company has 631 suppliers.

From Lithuania 59 Suppliers:

- 52 suppliers deliver Controlled Wood
- 7 suppliers deliver FSC-certified material

From Estonia 50 suppliers:

- 47 suppliers deliver Controlled Wood
- 3 suppliers deliver FSC-certified material

From Latvia 521 suppliers:

- 471 suppliers deliver Controlled Wood
- 50 suppliers deliver FSC-certified material

From Belarus 1 supplier:

- 1 supplier supplies FSC-certified material

All suppliers are checked in the LURSOFT database before the registration in our company system, and a thorough inspection of suppliers is carried out to meet these companies criteria.

According to our requirements, these suppliers should not be on the debtors list and should meet the criteria of low-risk suppliers. Only in this case is the registration of new suppliers in our company system. Each new supplier is assigned a special match code (Match code), after which these suppliers will be admitted to our company. And any information about the supplier is stored in our company's database below this code.

Also, when registering, each supplier is checked in the global FSC database and a special list of suppliers is drawn up, listing all suppliers by group of certificates. FSC <http://info.fsc.org/> and PEFC <http://www.pefc.org/find-certified/certified-certificates> or Controlled Wood.

Suppliers of controlled wood require proof of felling and copies of the purchase contract for the purpose of defining the origin of wood to the forest and ensuring supply chain traceability.

Description of the delivery territory

Wood is purchased from Belarus (FSC100%), Latvia, Lithuania and Estonia.

The attached is a simplified risk assessment, which indicates that there is a low risk in Latvia and Estonia, specified in Lithuania and only certified wood is purchased from Belarus.

Table 1: Description of supply area

1. Supply Area information: .

Description of Supply Area(s)	Risk Designation	Risk Assessment
Estonia (Whole country)	Low risk	Simplified risk assessment (based on the Global Forest Registry data).
Latvia (whole country)	Low risk	Simplified risk assessment (based on the Global Forest Registry data).
Lithuania (whole country)	Low risk and specified risk	CNRA for Lithuania

Incoming material description

Company buys:

1. Mixture of coniferous pulpwoods(spruce+pine).
2. A mixture of all wood species(Firewood), ash, alder, birch, pine and spruce.
3. Aspen pulpwood.
4. Alder pulpwood.
5. Birch pulpwood.
6. Birch chips.

Table 1: Description of the supply chains, risk of mixing and control measures:

Supply chain type	Tiers	Risk of Mixing	Control Measure	Verification Cycle	Verification summary
Describe the different types of supply chains	The number of tiers	Evaluate the risk of mixing.	Describe the established control measures	Describe the verification cycle planned.	Provide a summary of the results of the verification conducted by the company.
2. Wood delivered and purchased directly from forest owner to Organisation's log yard	1	Low	N/A	N/A	N/A
3. Wood delivered and purchased directly from forest owner to Organisation's log yard, but purchased through a round wood trader or harvesting company.	2	Low	N/A	N/A	N/A

Comments or complaints

FSC Responding to complaints about controlled woods

1.0 Purpose of the procedure

- 1.1 Describe the response process for complaints concerning to controlled wood in accordance with FSC Supply Chain.

2.0 The scope of the procedure

- 2.1 Companies administration.
- 2.2 Registration of complaints, clarification of circumstances and resolution of the problem.

3.0 Related documents

- 3.1 Supply chain procedures.

4.0 Responsibility and duties

- 4.1 Wood purchasing specialist is responsible for handling complaints in accordance with FSC supply chain rules and internal rules of SIA KRONOSPAN Riga
- 4.2 The wood purchasing specialist is responsible for registering the complaint.

5.0 Response process for complaints concerning controlled wood

5.1 Overall rules

- 5.1.1 The company must have a mechanism for registering complaints, regardless of whether the timber is delivered from an unspecified risk area or from a low risk area.
- 5.1.2 The company must alert the national FSC initiative or regional FSC office as well as the accredited FSC Certification Body (NEPCON) in case of non-compliance with FSC-controlled wood requirements in a low risk area

5.2 Complaint registration mechanism

- 5.2.1 The mechanism includes:

Complaints justification evaluation within 2 weeks of its receipt.