



Facts and Figures

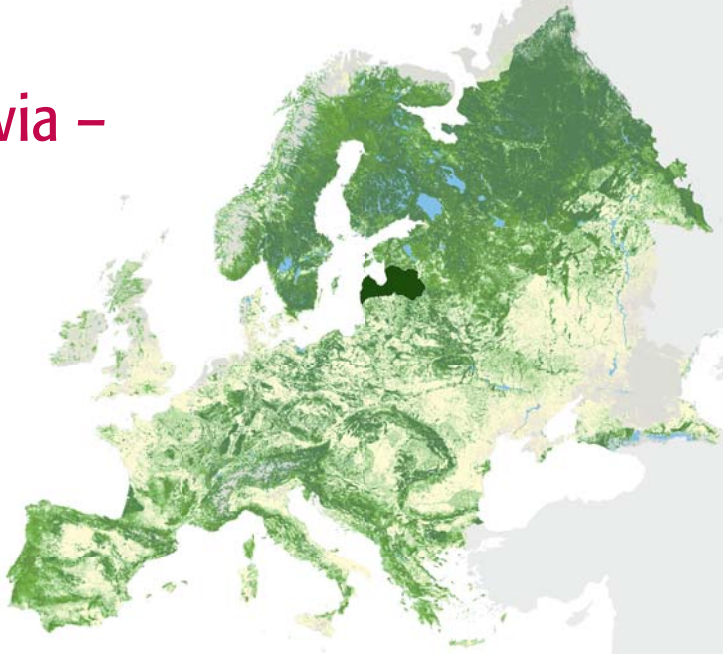


LATVIJAS VALSTS MEŽI



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Latvia –



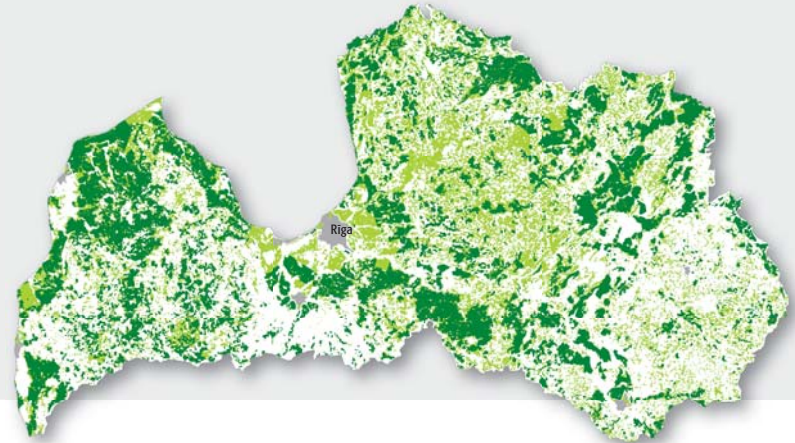
With 3.8 million ha of forests (56.9% of the territory)
Latvia is among the most wooded countries in Europe*.

European Forest Institute, University of Joensuu, VTT Automation in association with University of Helsinki and Stora Enso Forest Consulting, European Commission Joint Research Centre / Institute for Environment and Sustainability Contract number: 17223-2000-12 FISC SP FI version August 2002, corrections August 2006
Pöyhönen, R., Lehtinen, M., Schuck, A., Häme, T., Väätäinen, S., Kennedy, P. and Folving, S. 2001. Combining Earth Observation Data and Forest Statistics. EFI Research Report 14. European Forest Institute and Joint Research Centre-European Commission. ISBN 952-9844-84-0.

* Source: Forest Statistical Inventory, Phase 1 (data of 2004 – 2008)

the land of forests

JSC "Latvijas valsts meži" manages over a half of Latvia's forests



- Forest managed by LVM
- Forest managed by other owners

JSC "Latvijas valsts meži"

Background



Established in October 1999 following the Cabinet's decision, the JSC "Latvijas valsts meži" (LVM) pursues state interests in forestry by sustaining and increasing the forest value, while gaining maximum possible value from forest management.

Net turnover (million LVL)	216.0	136.6
Profit before tax (million LVL)	89.6	38.0
Net profit (million LVL)	78.3	33.2
Return on equity (ROE)	34.1%	19.4%
Volume of wood sales (million m ³)	8.51	7.43
Area managed (million ha)	1.62	1.62
Forest area (million ha)	1.40	1.40
	2010	2009

Along with timber as its major product the company develops also other business lines as the production of genetically improved forest tree seeds and plants, hunting and game management, and recreational services.



Mission

and **vision**

As of 2010, the LVM has revised the message conveyed by its mission and vision and updated the strategic goals.

We are striving towards prospering Latvia!

As one of the Baltics' leaders in efficient and innovative forestry we are an upright, mindful and caring manager of the forests owned by the Latvian state.

One should appraise our actions along the following lines:

- LVM is a stable and trustworthy enterprise
- LVM is a leader that promotes the development of market
- LVM provides for sustainable growth of high quality wood in its forests
- LVM supports competence and innovation
- LVM promotes enthusiasm and loyalty in its staff
- LVM stands for thinking and acting in an environment-friendly way
- LVM is an honest and responsible member of the community

Strategic goals

To ensure sustainable management of the LVM forests following its mission and vision, the company has advanced strategic goals in three equally essential blocks of issues – economic, social, and environmental.

Economic goals

- Deriving a regular profit and positive cash flow from economic activities
- Increasing the company's asset and forest stand value
- Improving the quality of services offered to customers
- Becoming a stable and predictable partner to the customers, suppliers, and service providers
- Increasing the efficiency of business activities and strengthening the capacity of service providers
- Developing wood products of high added value, promoting the use of services and know-how



Social goals

- Managing forests in a balanced way acceptable for the public at large
- Keeping up a reputation of responsible and trustworthy community member
- Developing motivating work environment for the LVM personnel

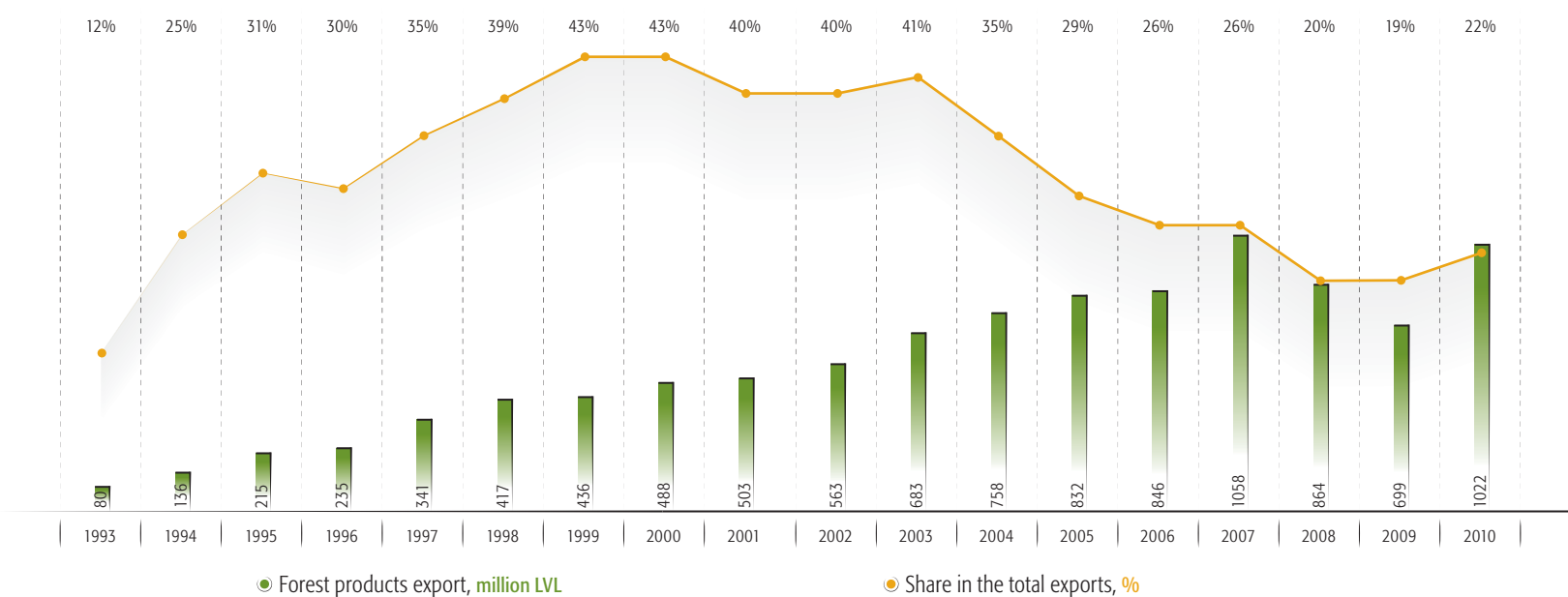
Environmental goals

- Conservation of biodiversity
- Inspiring in general public a caring attitude towards forest and environment
- Decreasing the impact of target management activities on forest environment
- Mitigating the global climate change



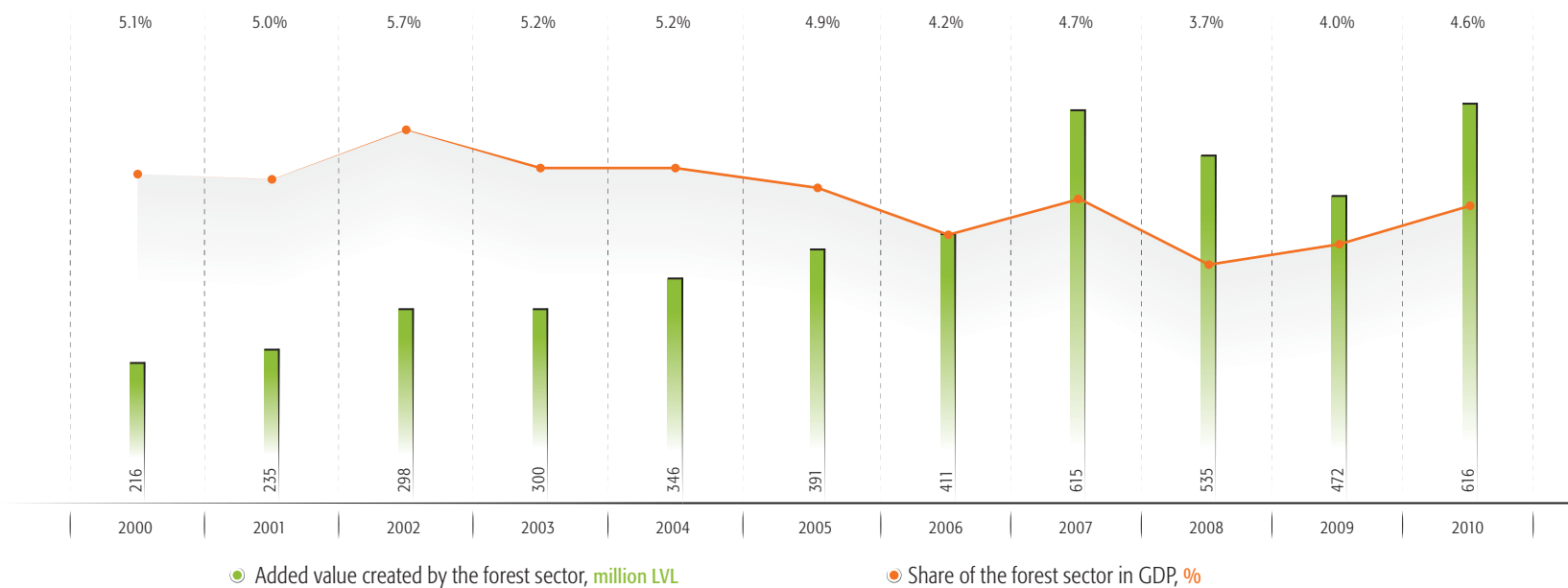
Latvia's forest sector

Share of forest products in the total exports of Latvia




Source: Central Statistical Bureau of Latvia

Added value generated in the **forest** sector, its proportion in GDP (in real prices)



Source: Central Statistical Bureau of Latvia, Ministry of Economics



Products and services

Major products and services offered by the LVM

Supply of wood assortments

- LVM delivers to its customers the sawlogs, veneer logs, industrial wood, pulpwood, and fuelwood. Sawlogs and veneer logs are supplied to woodworking enterprises in Latvia. Other assortments are sold following the FOB provisions.

Supply of fuel chips

- LVM supplies fuel chips to power engineering enterprises in Latvia and abroad.

Seeds and plants

- LVM produces forest tree seeds and the forest and ornamentals planting stock.

Services in recreation and hunting

- LVM offers at its recreation facilities the services in licensed angling, crayfish catching and hunting for local as well as foreign customers.

Mineral resources

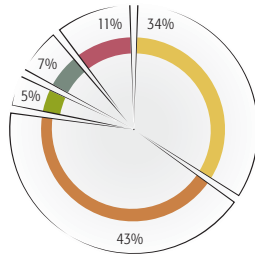
- LVM offers sand, gravel, as well as peat for excavation. The customers for sand and gravel are the operators in forest road and highway building.

Supply of **wood** assortments

With the 2010 sales volume of 5.9 million m³ LVM is one of the Latvia's major suppliers of roundwood. By just-in-time deliveries of customized assortments the LVM helps create a predictable business environment, thus strengthening the competitiveness of its cooperation partners.

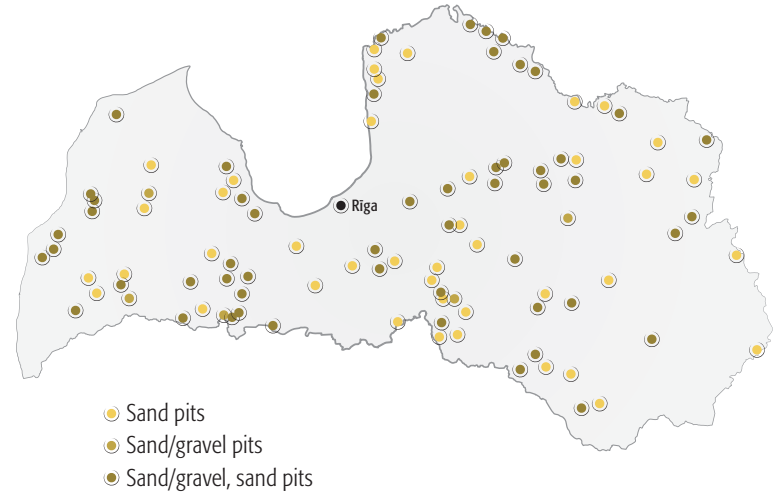
Roundwood deliveries in 2010 (thousand m³)

● Pulpwood	2,024
● Softwood sawlogs	2,533
● Hardwood sawlogs	287
● Birch veneer logs	398
● Fuelwood	630



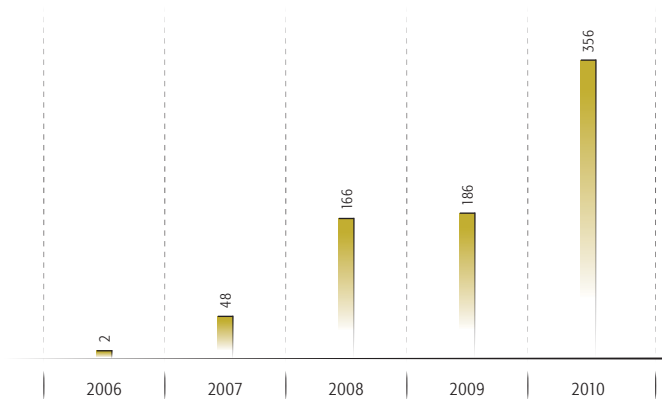
Mineral resources

LVM has exploitable sand and gravel pits all over the country.



Supply of fuel chips

Buyers of fuel chips are power engineering enterprises and woodpallets producers in Latvia and abroad. Export represents 88 % of the sales volume.



● Supply of fuel chips, thousand MWh

Service programmes for customers

To enable the customers, buying wood assortments and chip from the company, optimize their costs, LVM has since the beginning of 2011 introduced three service programmes adapted to business model at the customer's enterprise.

Opportunities

Programme aims at providing the customer for a specified short period of time with roundwood assortments and/or fuel chips.

Cooperation

Programme aims at providing the customer for the given period of time with wood assortments of exact volume and specification, supplying them following the schedule of deliveries.

Stability

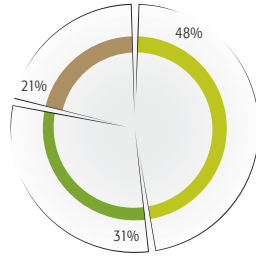
By ensuring efficient deliveries of customized roundwood assortments taking into account the customer's stock of inventories, the programme is intended to support the customer and strengthen his competitiveness while the LVM assumes a definite role in the chain-of-custody, thus saving for the customer the resources and costs the raw material procurement and storage entail.

Seeds and plants

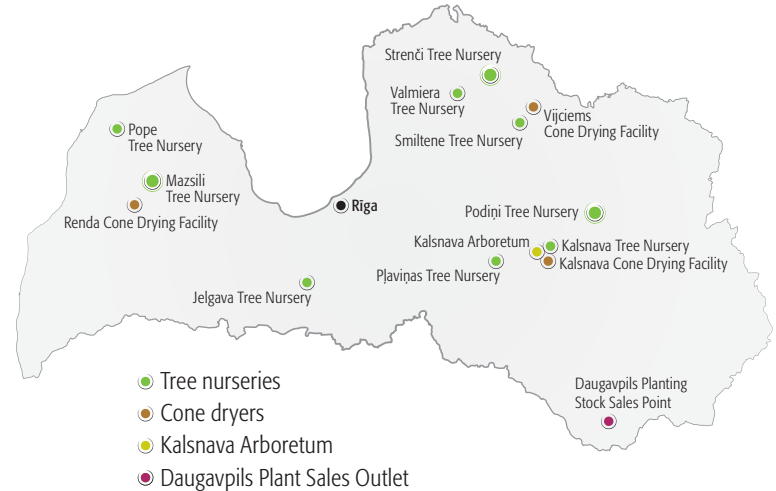
LVM produces and supplies to local and foreign customers forest tree seeds and plants.

The production capacity of nine nurseries allows LVM to put on the market over 38 million forest tree plants per year with the target figure of 60 million for the coming years. In 2010, the sales volume on foreign markets was 5.4 million plants. With the collection of peculiar and exotic tree and shrub species at the Kalsnava Arboretum as the basis for propagation the LVM markets also more than 600 denominations of ornamental trees and shrubs.

- Container stock 48%
- Bareroots with improved root system 31%
- Bareroots 21%

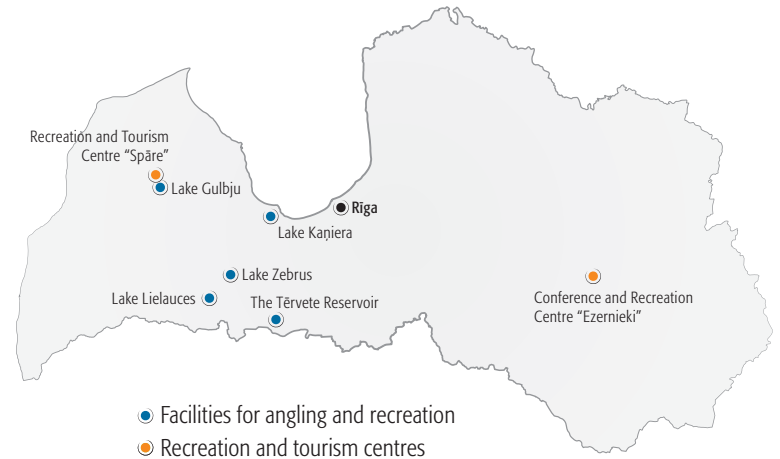


Tree seeds are cultivated in seed orchards established in each forest tree seed production region of the country (of the total area 513 ha for pine, 152 ha for spruce, and 33 ha for other tree species). As the forest trees don't seed every year the LVM keeps a strategic reserve of seeds to ensure the cultivation of forest planting stock on a regular basis.



Recreation and hunting

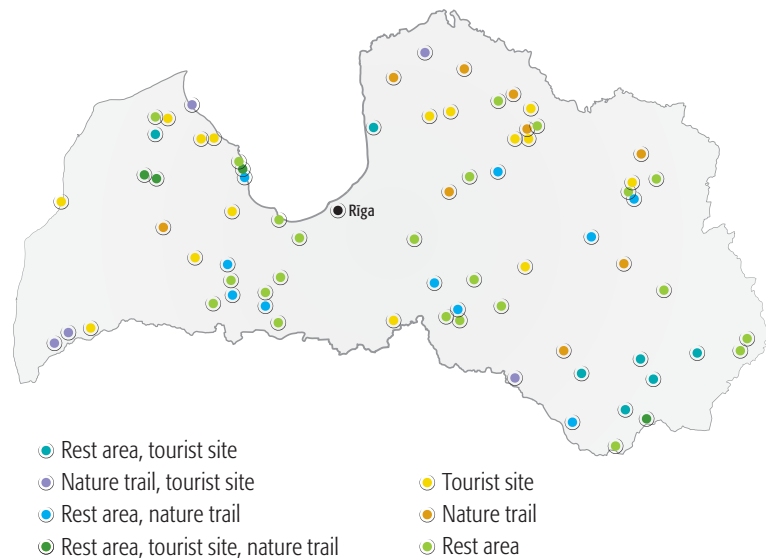
Woodlands of Latvia, which amount to 56% of its territory, are rich in wildlife. And it's no wonder that hunting is a popular pursuit. LVM offers to the local and foreign visitors a variety of services related to recreation and hunting like organization and guidance of hunting events, transport, accommodation, etc. Latvia is a lake country with 2,256 of its lakes larger than 1 ha. In five biggest lakes under its care the LVM offers possibilities for licensed angling and also other recreational activities.



Tērvete Nature Park (European Destination of Excellence) is very popular with both the local and foreign visitors and according to opinion polls is the most family-friendly recreation area in Latvia. The mysterious Forest of Pokaiņi has won renown as a site where, as the visitors claim, one can feel a special flow of earth energies. In 2010, the total number of tourists to these areas was about 86,000 both the locals and foreigners. New walking and cycling routes have been arranged. The routes lead the visitor to attractive sights and noteworthy objects of nature, including picnic sites for relaxing and making a bonfire.



The recreational opportunities in state forests are improved from year to year and new sites with up-to-date amenities set up. At present their number exceeds 400.





Social responsibility

Programme for the youth of school age “Learning about forests”

Since 2005, an international forest educational programme “Learning about forests” is carried out in cooperation with the Foundation for Environmental Education (Fee). In the framework of this programme the LVM organizes its cooperation with schools. The emphasis is on real things and natural processes in woodlands and living environment, and on gaining new knowledge, experience, and practical skills.



Using the methodological approach of this programme the LVM offers to schools:

- Teaching and methodological material
- Annual competitions for participation in the *Mammadaba* (Mother Nature) workshop and the Forest Olympics
- Educational excursions in forests and nature
- Opportunities of further education for teachers
- Summer camps and other health-improving activities for schoolchildren

Campaign “Don’t litter in forest or you’ll turn into a pig!”



To put a stop to increased littering of woodlands with household waste the LVM launched in 2005 a lasting nation-wide social campaign “Don’t litter in forest or you’ll turn into a pig!” with *Cükmens* (Pigman) as its protagonist.

Major aims of the campaign:

- making woodlands cleaner
- raising environmental awareness among the public at large

Campaign has become a nation-wide movement with ever new participants joining it – the NGOs, enterprises, public organizations, municipalities, and government entities. During this time *Cükmens* has met over 25,000 schoolchildren, attended more than 500 events of volunteer work in woodlands, on the roadsides and waters with over 10,000 m³ of waste gathered.

The campaign has also won recognition at the domestic and international competitions.

Supporting sports and culture

LVM gives regular support to a variety of organizations and socially significant projects in sports, culture, education, and environment conservation.



Recreation free of charge

Visits to most of the LVM recreational sites and nature trails are free of charge. In 2010, the LVM was keeping 316 restric sites, 54 objects of nature, and 32 nature trails, found both in and outside protected nature areas. Every year amenities are improved in nearly 300 existing recreational sites and objects.



Environmental responsibility

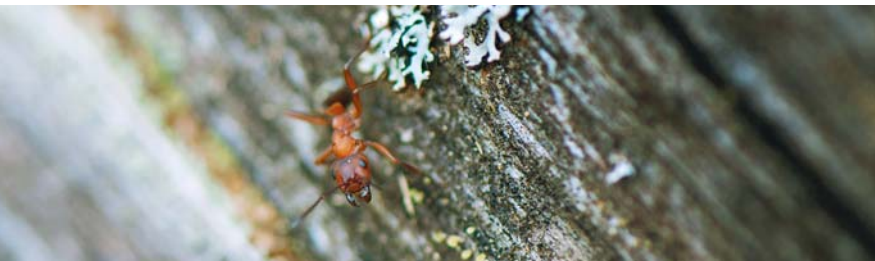
Biodiversity conservation is the main management objective for 20% of LVM forestlands.

Conservation of biodiversity

Conservation of biodiversity has invariably been a part and parcel of forest management system at the LVM. Biodiversity conservation is the main management objective for 20% of the LVM forestlands or 14% of the forests. No management intervention and final felling are envisaged for these areas, except the activities for maintaining biodiversity.



In order to preserve the biodiversity, LVM not only manages the protected nature areas (including Natura2000) and genetic resources of forest stand tree species, but also identifies new sites of Latvian and EU protected species and habitats, meets the restrictions for forest works in spring and summer – during the season of animal breeding. In the forest working places LVM preserves the structural elements characteristic of natural forests (ecologic trees, dead wood, humid lowlands, forest edges, undergrowth and regrowth), plans buffer areas around water bodies and habitats of protected species, biotopes. More than 30% of new forest stands are regrown naturally. In 2005–2010 LVM funded two long-term research projects on nature conservation (wood grouse *Tetrao urogallus* and black stork *Ciconia nigra*), participated in 6 international environmental projects and developed LVM environmental projects, e.g., on management of biological high-conservation value forests and monitoring of protected species.

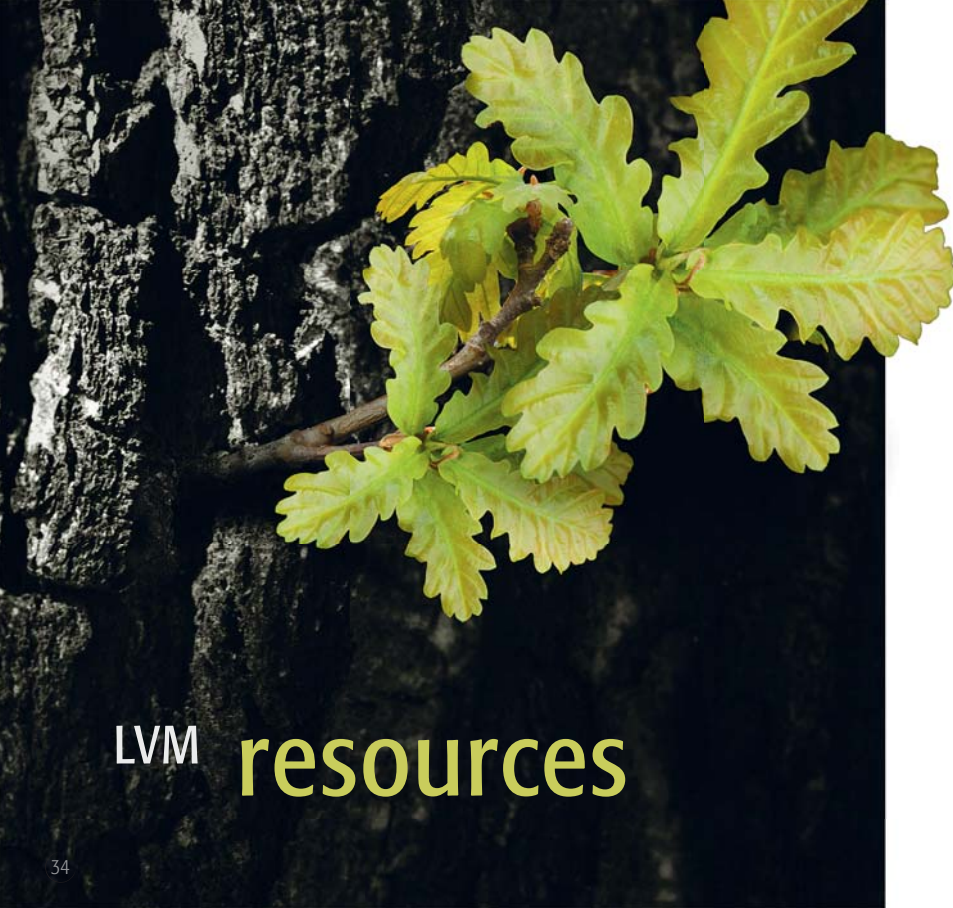


Active involvement in environment projects



In 2010, as an example of corporate social responsibility an action of seeding and planting trees named “Skābeklis” (Oxygen) was launched. Its overall goal is to communicate to society that Latvia is one of the world’s greenest countries and that tree capture CO₂ and produce oxygen while growing. The creative idea behind it and the action’s goal is to seed and later plant out as many trees as there are people in Latvia. It implies planting totally 2,231,503 spruces, pines, and oaks. This is an excellent example of the firm belief of its corporate sponsors, the LVM and SEB Bank, in true sense of the action and its importance for the community. After completing it Latvia will really be greener thanks to the devotion to this cause of thousands and thousands of people.

Project “Skābeklis” is among the finalists of the prestigious “European Excellence Awards 2010” competition in the category of ecological campaigns and the Baltic campaigns.

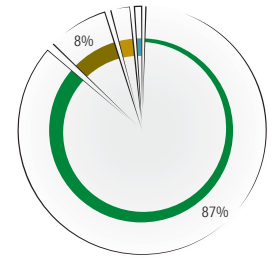


LVM resources

Area under management

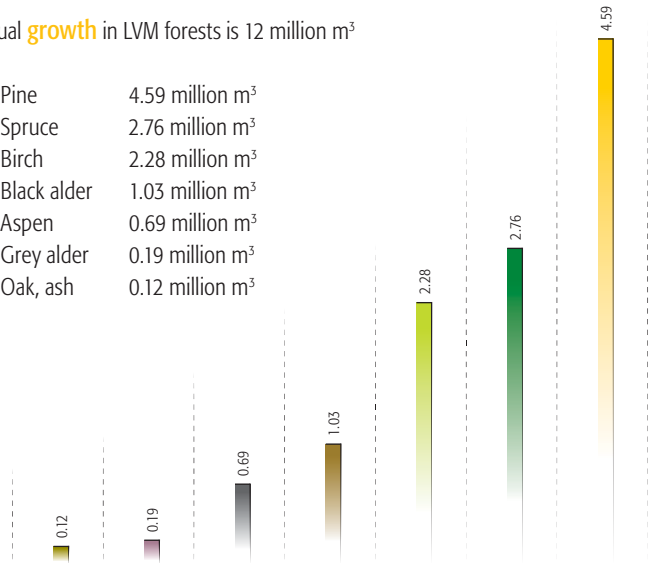
Total area managed by the LVM is 1.62 million ha, of which 1.59 million ha are forest-lands. Forest is the company's most valuable asset with forest management as the main source of value and profit.

● Forest	87%
● Marshland	8%
● Sites of forest infrastructure	3%
● Non-forest land	2%



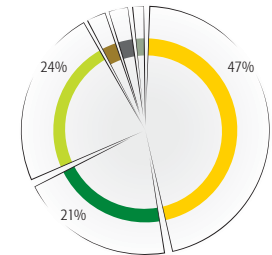
Annual **growth** in LVM forests is 12 million m³

● Pine	4.59 million m ³
● Spruce	2.76 million m ³
● Birch	2.28 million m ³
● Black alder	1.03 million m ³
● Aspen	0.69 million m ³
● Grey alder	0.19 million m ³
● Oak, ash	0.12 million m ³



Conifers account for 68% of LVM **forestlands**, of which 47% are pine forests. Birch is the most common species making up broadleaved stands.

● Pine	47%
● Spruce	21%
● Birch	24%
● Common alder	3%
● Aspen	3%
● Other	2%



Personnel

Values upheld by the personnel:

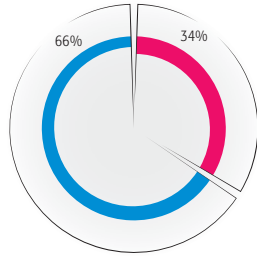
In their routine work the LVM personnel place emphasis on the following values:

- honesty
- achievements/results
- competence
- cooperation, friendly and joyful attitude
- pride for the company

As of 31.12.2010 the total number of personnel at the LVM was 897.

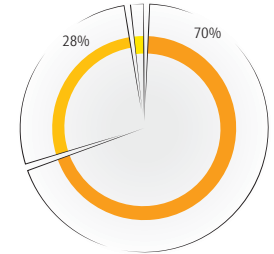
Sex

- Female 34%
- Male 66%



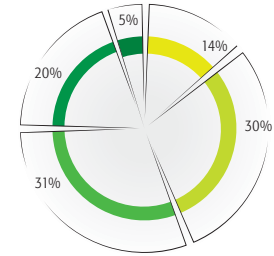
Education

- Higher 70%
- Secondary, including secondary vocational 28%
- Basic 2%

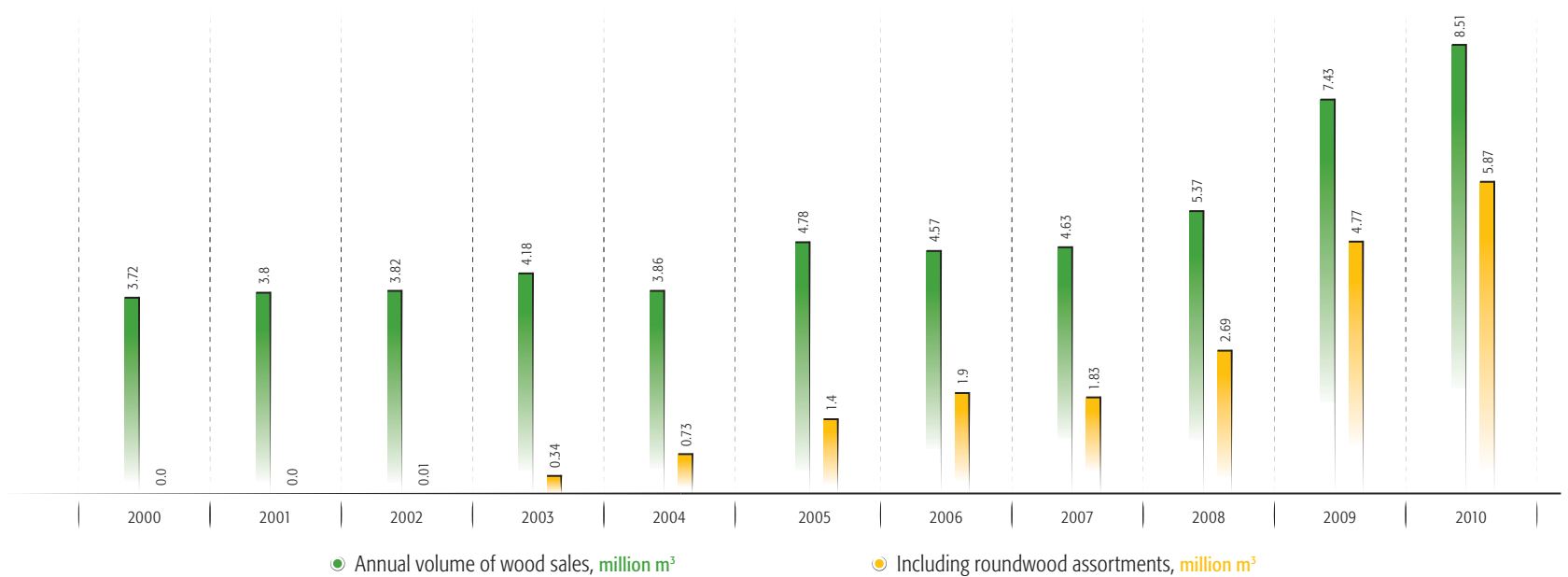


Age brackets

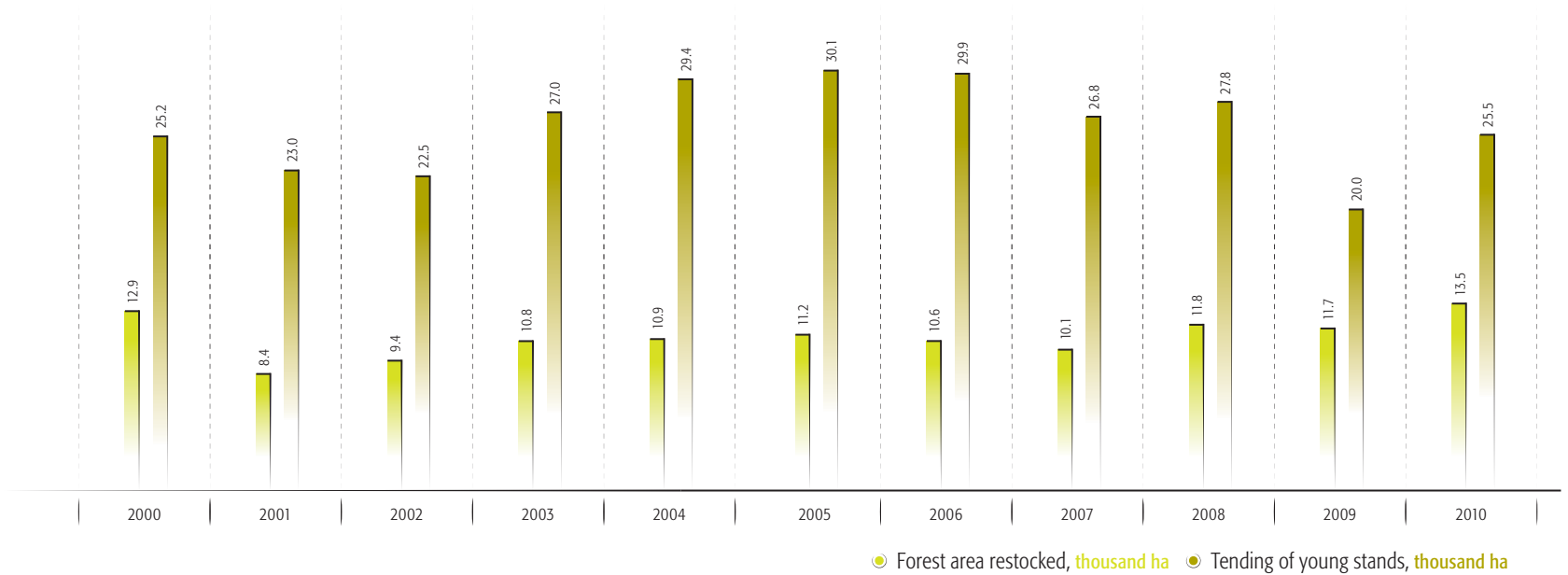
- up to 30 yrs. 14%
- 31-40 yrs. 30%
- 41-50 yrs. 31%
- 51-60 yrs. 20%
- over 61 yrs. 5%



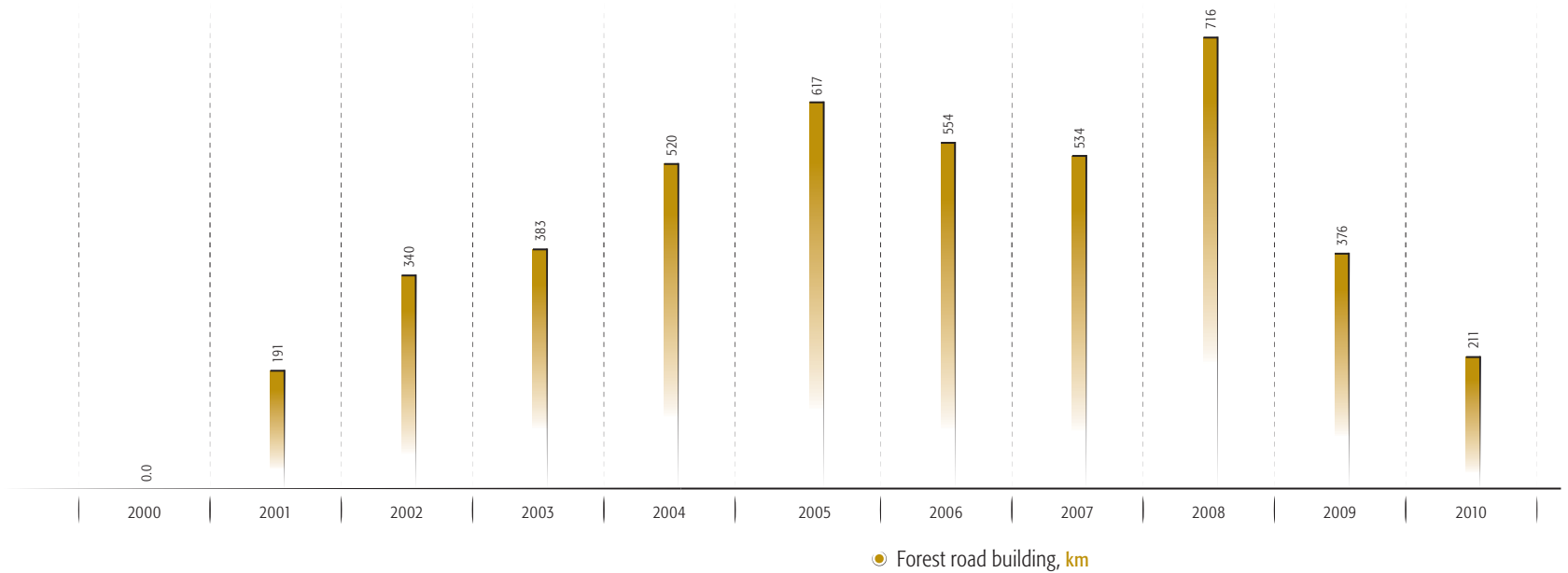
Sales



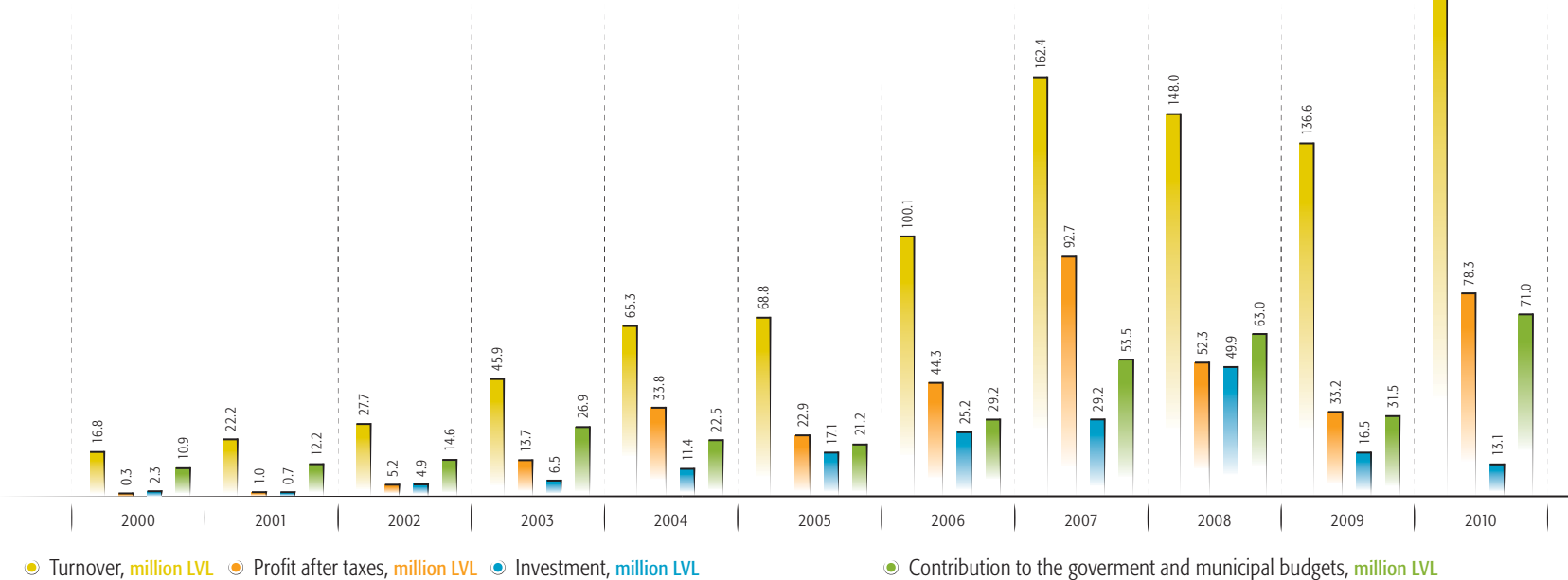
Silviculture



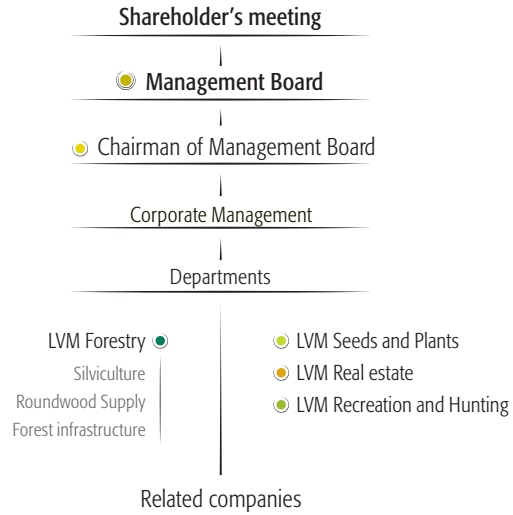
Infrastructure



Finance



Organizational set-up



● Forest and Wood Products Development Institute (40.22%) ● Jaunmokas Castle (100%)

