

SBP

Sustainable Biomass Partnership

Supply Base Report: SBE Latvia

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Completed in accordance with the Supply Base Report Template Version 1.0

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

Template document history

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1 Overview

Producer name: SBE Latvia Ltd
Producer location: "Griķi", Laucienes pagasts, Talsu novads, LV - 3285, Latvia
Geographic position: Lat 57.214754, Long 22.702670
Primary contact: Ilze Lutjanska, ilze@sbe.lv, +371 2515 8241
Company website: <http://www.sbe.lv>
Date report finalised: 22/Jun/2015
Close of last CB audit: 20/Jul/2015, "Griķi", Laucienes parish, Talsu district
Name of CB: NEPCon
Translations from English: No
SBP Standard(s) used: Standard 2 v1.0
 Standard 4 v1.0
 Standard 5 v1.0
 Instruction Document 5A v1.0
Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>
SBP Endorsed Regional Risk Assessment: Not applicable
Weblink to SBE on Company website: Not applicable

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

2 Description of the Supply Base

2.1 General description

Latvia, forest resources

In Latvia, forests cover area of 3,056,578 ha. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), woodness amounts to 51.8% (ratio of the 3,347,409 ha covered by forest to the entire territory of the country). The Latvian State owns 1,495,616 ha of forest (48.97% of the total forest area), while the other 1,560,961 ha (51.68 % of the total forest area) belong to other owners. Private forest owners in Latvia amount to approximately 144,000.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic metres (source: www.vmd.gov.lv, 2015).

Forest land consists of:

- forests 3,056,578 ha (91.3%);
- marshes 175,111.8 ha (5.3%);
- open areas 35,446.7 ha (1.1%);
- flooded areas 18,453.2 ha (0,5%);
- objects of infrastructure 61,813.4 ha (1.8%).

(Source: www.vmd.gov.lv, 2015)

Distribution of forests by the dominant species:

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder 3.0 %;
- grey alder 7.4 %;
- aspen 5.4 %;
- oak 0.3 %;
- ash 0.5 %;
- other species 0.3 %.

(Source: www.vmd.gov.lv, 2015)

Share of species used in reforestation, by planting area (2014):

- pine 20 %;

- spruce 17 %;
- birch 28 %;
- grey alder 12 %;
- aspen 20 %;
- other species 3 %.

(Source: www.vmd.gov.lv, 2015)

Timber production by types of cuts, by volume produced (2014):

- final cuts 81.00 %;
- thinning 12.57 %;
- sanitary clear-cuts 3.63 %;
- sanitary selective cuts 1.43 %;
- deforestation cuts 0.76 %;
- other types of cuts 0.06 %.

(Source: www.vmd.gov.lv, 2015.)

The field of forestry

In Latvia, the field of forestry is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting (www.zm.gov.lv).

Implementation of requirements of the national law and regulations issued by the Cabinet of Ministers notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (www.vmd.gov.lv).

Management of the state-owned forests is performed by the public limited company *Latvijas Valsts Meži*, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy (www.lvm.lv).

The share of forestry, wood-working industry and furniture production amounted to 6% GDP in 2012, while export yielded 1.7 billion euro (17% of the total amount).

Biological diversity

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia.

For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas *Natura 2000*. Most of the protected areas are state-owned.

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, microreserves are established. According to data of the State Forest

Service (2015), the total area of microreserves is 40,595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously.

On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions are to be preserved, thus providing habitat for many organisms.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species from CITES lists fauna in Latvia.

Forest and community

Areas where recreation is one of the main forest management objectives add up to 8% of the total forest area or 293,000 ha (2012). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry for Environmental Protection and Regional Development.

Certification

The forests of both the public limited company *Latvijas valsts meži* and private owners may be certified against sustainable forest management standards, whereas woodworking enterprises can contribute to sustainable forest management by certification against the chain of custody system requirements.

Both the FSC and PEFC systems have found their way into Latvia.

Lithuania, forest resources

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2,17 million ha, while land classified as forest corresponds to about 30% of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45% of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land.

Forest land is divided into four protection classes: reserves (2%); ecological (5.8%); protected (14.9%); and commercial (77.3%). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands.

Pine forest is the most common forest type, covering about 38% of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12% of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2% of the forest area. The area occupied by aspen stands is close to 3%.

The growing stock given as standing volume per hectare is on the average of 180 m³ in Lithuania. In nature stands, the average growing stock in all Lithuanian forests is about 244 m³ per hectare. Total annual growth comes to 11,900, 000 m³ and the mean timber increment has reached 6.3 m³ per year and per hectare.

Current harvest has reached some 3.0 million m³ u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m³. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result.

The potential future annual cut is calculated at 5.2 million m³, of which 2.4 million m³ is made up of sawn timber and the remaining 2.8 million m³ of small dimension wood for pulp or board production, or for fuel. The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

Certification of the state forests in Lithuania is done according to the strictest certification in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certificate testifies to the fact that Lithuanian state forests are managed especially well – following the principles of the requirements set to protection of and an increase in biological diversity.

(Resources: <http://www.fao.org/docrep/w3722e/w3722e22.htm>)

Norway, forest resources

Forest facts

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

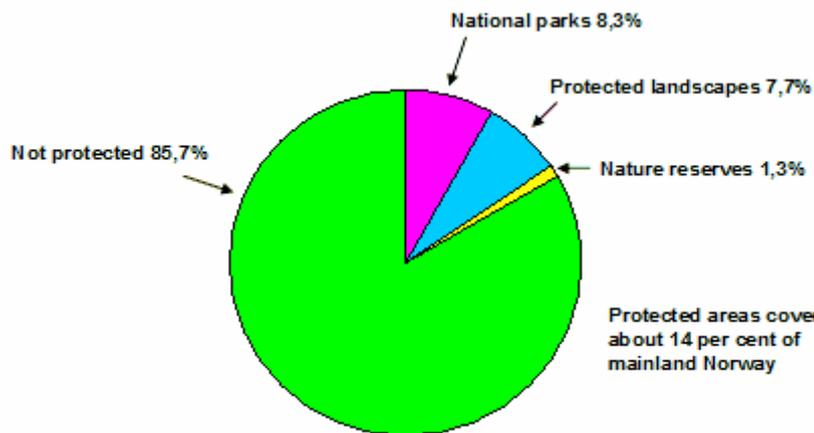
From the forest area: Privately owned forests 80% ; State and municipalities 12%
Industrial private 4%; Local common land 4%

Forest certification

All productive forests in Norway are certified, i.e. 7.397.000 hectares. The number of certified forest owners is approximately 43,000 (private, municipalities, state).

Forest protection

Areas protected under the Nature Conservation Act 2008



Areas protected under the Nature Conservation Act 2008

Biodiversity

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the last number also includes species which are rare of natural causes, and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species.

http://www.borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

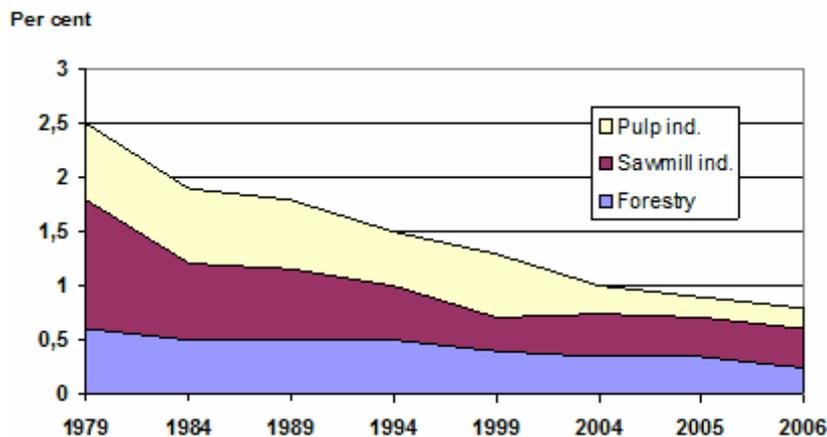
Those regions identified by Conservation International as a Biodiversity Hotspot <http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx>. Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

Forest sector in Norway’s national economy

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2,443,000 persons in Norway approximately 40,000 people receive their income from forestry and from the forest industry. 6,700 persons (0.3%) are directly employed in forestry.

About 50% of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Forestry and forest industry as part of GNP 1979-2006



Forestry and forest industry as part of the GNP 1979-2006

A lot of people use the forest for recreational activities, both traditional and modern, including walking, picking berries and mushrooms, hunting and fishing.

2.2 Actions taken to promote certification amongst feedstock supplier

The company concludes long-term procurement contracts with enterprises that have attested their participation in wood chain of custody certification. The objective of the chain of custody system is to provide information on the origin of forest raw materials down from the point of delivery. During preparation for SBP certification, the company has increased the share of FSC-certified raw materials from 20 to 70 %, and the management of the company has decided to increase procurement of *FSC Mix Credit* materials by more than 70 % between March and December 2015. Thus, all involved companies from the forest management

and logging enterprises to woodworking sphere are interested that sustainable forestry methods are attested. The company procures wood for pellet production mainly from woodworking enterprises of Kurzeme region, which in turn procure round wood from the FSC and PEFC-certified public limited company *Latvijas Valsts Meži and Latvia's forests*.

SBE Latvia requests its suppliers to provide information about wood origin and legal procurement document. SBE Latvia gives priority to suppliers sourcing for their production FSC certified wood originating from Lithuania and Norway.

Woodworking residues are procured from woodworking enterprises that mainly produce sawn materials and other products. Motivation for getting certified for those enterprises is the fact that support to sustainable forest management by certified chain of custody increases sales opportunities for both main and side products.

2.3 Final harvest sampling programme

All feedstock is received as secondary feedstock, no feedstock is received directly from final felling.

2.4 Flow diagram of feedstock inputs showing feedstock type

Coniferous species: 70-80% (sawdust)

Deciduous species: 20-30 % (sawdust)

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 12,2 million ha
- b. Tenure by type (ha): Government 8,2 million ha; Privately owned 2,2 million ha; Local government 1,2 million ha; Other 0,6 million ha
- c. Forest by type (ha): Boreal 5,2 million ha /Temperate 7 million ha
- d. Forest by management type (ha): Managed Natural 12,2 million ha
- e. Certified forest by scheme (ha): 9,6 million ha FSC or PEFC-certified forest

Feedstock

- f. Total volume of Feedstock: 52,4252 m³
- g. Volume of primary feedstock: 0 m³
- h. List percentage of primary feedstock (g): Not applicable
- i. List all species in primary feedstock, including scientific name: Not applicable
- j. Volume of primary feedstock from primary forest: Not applicable
- k. List percentage of primary feedstock from primary forest (i): Not applicable

- l. Volume of secondary feedstock: Sawdust (sawmill residue) feedstock, production waste of producers from Latvia, Lithuania and Norway. Species: *Picea abies* (L.) H. Karst; *Pinus sylvestris* (L.); *Betula pendula* (Roth.); *Betula pubescens* (Ehrh.); *Populus tremula* (L.); *Alnus glutinosa*
- m. Volume of tertiary feedstock: Not applicable

3 Requirement for a Supply Base Evaluation

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

4 Supply Base Evaluation

4.1 Scope

Not applicable.

4.2 Justification

Not applicable.

4.3 Results of Risk Assessment

Not applicable.

4.4 Results of Supplier Verification Programme

Not applicable.

4.5 Conclusion

Not applicable.

5 Supply Base Evaluation Process

Not applicable.

6 Stakeholder Consultation

Not applicable.

6.1 Response to stakeholder comments

Not applicable.

7 Overview of Initial Assessment of Risk

Not applicable.

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable.

8.2 Site visits

Not applicable.

8.3 Conclusions from the Supplier Verification Programme

Not applicable.

9 Mitigation Measures

9.1 Mitigation measures

Not applicable.

9.2 Monitoring and outcomes

Not applicable.

10 Detailed Findings for Indicators

Not applicable.

11 Review of Report

11.1 Peer review

The final version of the report was submitted to the Forestry and forest-environment processes to engage professionals.

The report was reviewed and returned with comments from:

Janis Rozītis, WWF International Director – experience in sustainable forestry practice and assessment.

Sigitas Girdziušas, Lithuanian Agricultural University, Master of Forestry – forestry specialists.

11.2 Public or additional reviews

No public or additional reviews other than stated in 11.1.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Uldis Žurilo	SIA "Lodret" consultant	15/Jul/2015
	Name	Title	Date
<p>The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.</p>			
Report approved by:	Ulf Jesper Scholander	SIA "SBE Latvia Ltd" board member	15/Jul/2015
	Name	Title	Date

13 Updates

Not applicable.

13.1 Significant changes in the Supply Base

Not applicable.

13.2 Effectiveness of previous mitigation measures

Not applicable..

13.3 New risk ratings and mitigation measures

Not applicable.

13.4 Actual values of feedstock over the previous 12 months

Not applicable.

13.5 Projected values of feedstock over the next 12 months

Not applicable.