

# Supply Base Report: Pellet 4Energia SIA

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## Completed in Accordance with the Supply Base Report Template Version 1.2

*For further information on the SBP Framework and to view the full set of documentation see  
[www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)*

### *Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1 published 22 February 2016*

*Version 1.2 published 23 June 2016*

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# 1 Overview

Producer name: Pellet 4Energia

Producer location: "Granulas", Brocenu dist., Cieceres parish.

Geographic position: [56.699568, 22.592332](#)

Primary contact: Member of the board Toms Naburgs , Phone: +371 29286295 Email: [Toms.Naburgs@neljaenergia.ee](mailto:Toms.Naburgs@neljaenergia.ee)

Company website: <https://www.4energia.ee/en>

Date report finalised: 02/Oct/2016

Close of last CB audit:

Name of CB: NEPCon SIA

Translations from English: Yes

SBP Standard(s) used: Standard 2 version 1.1; Standard 4, version 1.1; Standard 5 version 1.2

Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>

SBP Endorsed Regional Risk Assessment: not applicable

Weblink to SBE on Company website: <https://www.4energia.ee/en>

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

## 2 Description of the Supply Base

### 2.1 General description

Pellets 4Energia SIA most of the raw materials as feedstock primary and secondary from feedstock originating from Latvian, as well as a small part of the raw material Secondary), which is indirectly supply after wood processing as secondary feedstock from Lithuania.

*Controlled Feedstock 2,1 % 10 Secondary Feedstock supplier*

*SBP-compliant Primary Feedstock, 83,50%- one supplier*

*SBP-compliant Secondary Feedstock, 14,49%- 10 Secondary Feedstock supplier*

*SBP-compliant Tertiary Feedstock, 0%*

*SBP non-compliant Feedstock 0%*

Species: Picea abies (L.) H. Karst.); Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.); Alnus incana (L.) Moench) Populus tremula (L.); Betula pendula (Roth; silver; Betula pubescens (Ehrh.)

### LATVIA forest resources

In Latvia, forests cover area of 3 056 578 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), forest Land amounts to 51.8 % (ratio of the 3 347 409 hectares 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 thousand.

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 (State Forest Services: vmd.gov.lv, 2015).

#### Forest land consists of:

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

State Forest Services: 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 %.

State Forest Services: [vmd.gov.lv](http://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 %.

State Forest Services: [vmd.gov.lv](http://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 %.

State Forest Services: [vmd.gov.lv](http://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](http://www.zm.gov.lv)).

Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (State Forest Services: [www.vmd.gov.lv](http://www.vmd.gov.lv)).

Management of the state-owned forests is performed by the *Joint Stock Company "Latvia's State Forests"*, 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](http://www.lvm.lv)).

Export yielded 1.978 billion euro (approx. 20 % of the total amount in 2014)..

**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, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves 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, underwood trees and shrubs, land cover around wet micro-lowlands (terrain 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 included in the CITES lists 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 (2012y). 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.

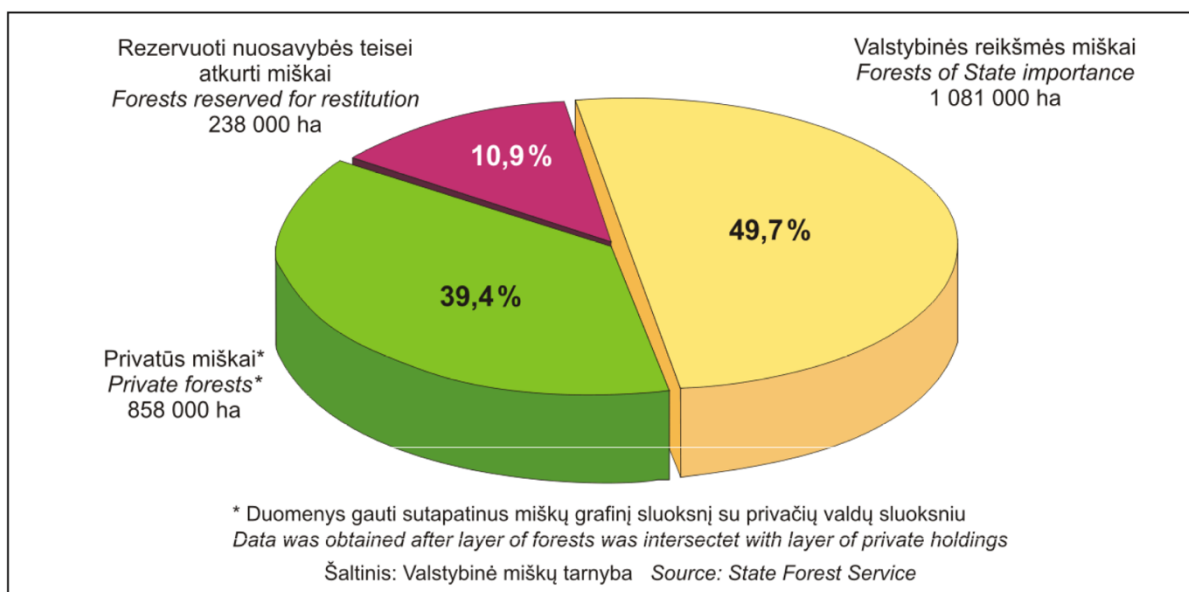
### Certification

All forest area of Latvijas Valsts Meži as well as some part of forests in private and other ownership are FSC and PEFC certified. From all totally forest area 3 347 409ha is approximately 1,737 milj. ha of Latvian forest are certified according to FSC and PEFC certification scheme. 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 2,18 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 percent 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. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012.

### FOREST LAND BY OWNERSHIP 01.01.2014



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 has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania.

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 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent 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 percent of the forest area. The area occupied by aspen stands is close to 3 percent.

The growing stock given as standing volume per hectare is on the average of 180 m<sup>3</sup> in Lithuania. In nature stands, the average growing stock in all Lithuanian forests is about 244 m<sup>3</sup> per hectare. Total annual growth comes to 11 900 000 m<sup>3</sup> and the mean timber increment has reached 6.3 m<sup>3</sup> per year and per hectare.

Current harvest has reached some 3.0 million m<sup>3</sup> 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 m<sup>3</sup>. 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 m<sup>3</sup>, of which 2.4 million m<sup>3</sup> is made up of sawn timber and the remaining 2.8 million m<sup>3</sup> 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 all 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>)

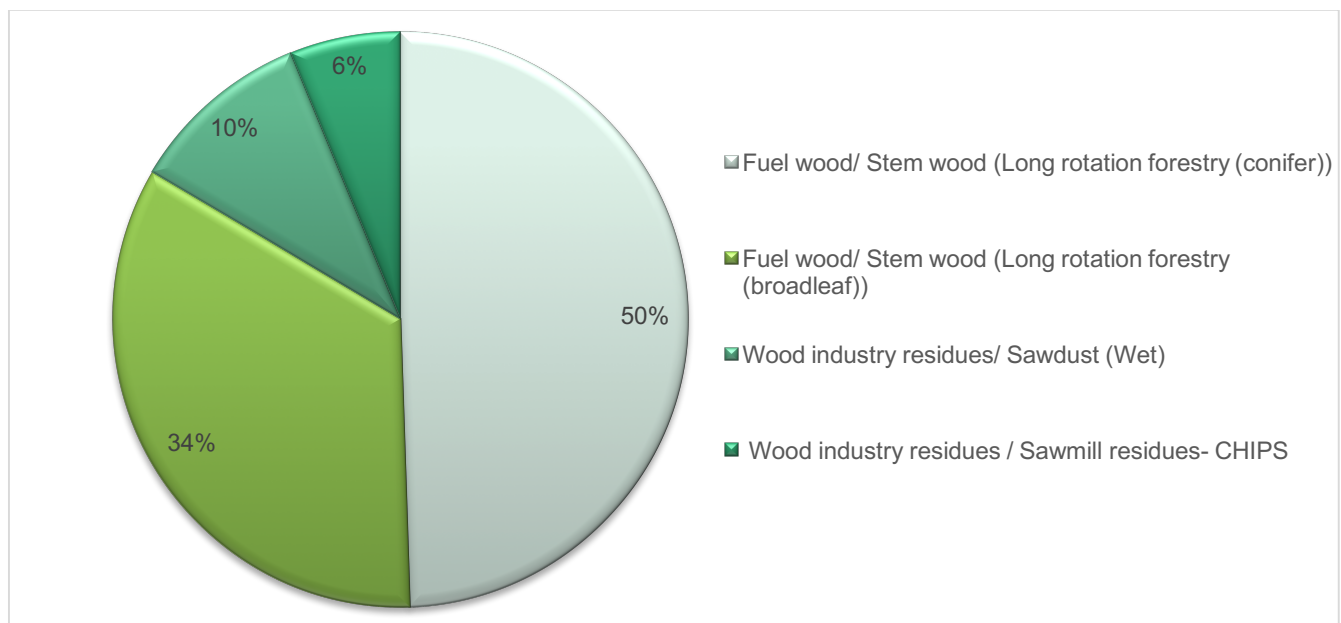
## 2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets are mostly use FSC certified supplier material 98,9 % (primary and secondary. The company policy is to give a preference to certified suppliers. Raw material (sawdust, consists of wood waste from main production of suppliers. Therefore, uncertified and new suppliers are invited to certify their base production and get benefit from residues. During preparation for SBP certification, the company has increased the share of FSC-certified raw materials from 20 %- 95%, and the management of the company has decided to increase procurement of *FSC certified or SBE compliant* materials by more than 100 % till 2018

## 2.3 Final harvest sampling programme

The proportion of biomass quantity as primary raw material after final fellings is about 95% compared to quantity of other raw material assortment. The primary raw material has been procured from the Supply Base area and it consists of round wood/firewood. The raw materials are procured in well developed, free and open market with competition of other customers. Different assortments of raw materials are obtained from the logging. All companies of forest industry have public price lists for the assortments. The price lists reflect the solvency of the industry for different assortments. The price lists clearly indicate that logs and veneer logs are the most valuable assortments while firewood (e.g. for pellet production) is less valuable assortment. This information is derived from the documents and data submitted by suppliers and forest developers.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



## 2.5 Quantification of the Supply Base

### Supply Base

- Total Supply Base area (ha): 5 236 578 ha cumulative area of all forest types within SB
- Tenure by type (ha): privately owned - 2 418 961 ha / Government - 2 576 616 ha / Other 2 380 00 ha
- Forest by type (ha): Temperate 41% / Hemi boreal 59%
- Forest by management type (ha): plantation/managed natural/natural
- Certified forest by scheme (ha): 3 907 000 ha of FSC and 1 690 000 ha PEFC-certified forest

## Feedstock

- f. Total volume of Feedstock: 30 000-35 000 m3
- g. Volume of primary feedstock: 5000-7000 m3
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
  - Certified to an SBP-approved Forest Management Scheme 98,9 %
  - Not certified to an SBP-approved Forest Management Scheme 0%
- i. List all species in primary feedstock, :
  - Picea abies (L.) H. Karst.); Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.); Alnus incana (L.) Moench); Populus tremula (L.); Betula pendula (Roth; silver; Betula pubescens (Ehrh.)
- j. Volume of primary feedstock from primary forest 0%
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
  - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme-0%
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme-0%
- l. Volume of secondary feedstock: SAWDUST (Sawmill residues) feedstock as production waste from producers comes from Latvia, 6 000-10 000tonnes
- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a 0% tonnes

### 3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	<b>x</b>

The SBE system of the Organisation is not finished and is not ready at the moment. As soon as SBE system implementation is time consuming and needs long term preparation and Organization is having a share of the FSC certified (SBP-compliant) feedstock entering their production already, it was decided to divide certification process into 2 parts: a) SBP assessment without SBE; b) scope expansion assessment, after SBE system is completed. It is planned that SBE evaluation will take place after 6 months from the main assessment.

## 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

Detailed findings for each Indicator are given in Annex 1.

## 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 sent and reviewed by::*

Janis Rozitis, Pasaules Dabas Fonds (WWF associated partner)- experience in sustainable forestry practice, assessment

. Sigita Girdziušas- Lithuanian Agricultural University, Master of Forestry, forestry specialists.

*Not received any comments or suggestions related with SBR report information.*

### 11.2 Public or additional reviews

The Latvian version of the report is available on the company's website <https://www.4energia.ee/en> for public inspection of all interested parties. After reading all the interested parties can send their comments, if any, at the company [toms.naburgs@4energia.ee](mailto:toms.naburgs@4energia.ee)

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Uldis Zurilo</i>	<i>[title]</i>	<i>31. October 2016</i>
	Name	Title	Date
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.			
Report approved by:	<i>Toms Nāburgs</i>	<i>Member of the board</i>	<i>31. October 2016</i>
	Name	Title	Date
Report approved by:	<i>Martins Turkupolis</i>	<i>Director</i>	<i>31. October 2016</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

## 13 Updates

### 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 figures for feedstock over the previous 12 months

Jun- 30 September 2016 0 – 100 000 tonnes

### 13.5 Projected figures for feedstock over the next 12 months

1 January - 31 December - 2017 200 000- 400 000 000 tonnes