



# Supply Base Report: Gairelita UAB

Re-assessment

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# Completed in accordance with the Supply Base Report Template Version 1.3

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

## *Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1 published 22 February 2016*

*Version 1.2 published 23 June 2016*

*Version 1.3 published 14 January 2019; re-published 3 April 2020*

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# 1 Overview

Producer name: Joint Stock Company “Gairelita”  
Producer location: Zironu 12, LT-82043, Radviliskis, Lithuania  
Geographic position: 55.827943, 23.530704  
Primary contact: Mr. Kestutis Burdulis, +370 422 60080, [office@gairelita.lt](mailto:office@gairelita.lt)  
Company website: [www.gairelita.lt](http://www.gairelita.lt)  
Date report finalised: 23/Sep/2020  
Close of last CB audit: 13/Oct/2020  
Name of CB: NEPCon UAB  
Translations from English: Yes  
SBP Standard(s) used: BP Standard 2-V1.0 ; SBP Standard 4-V1.0. ; SBP Standard 5-V1.0 (instructions documents 5A;B;C V1.1.)  
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>  
SBP Endorsed Regional Risk Assessment: N/A  
Weblink to SBE on Company website: N/A

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

## 2 Description of the Supply Base

### 2.1 General description

GARELITA UAB receives the most part of feedstock from Latvia and Lithuania as wood residues after wood processing.

SBP-compliant primary feedstock: 0 %

SBP-compliant secondary feedstock, 32 % (Wood industry residues/ Chips from 12-15 suppliers)

SBP-compliant secondary feedstock, 60 % (Wood industry residues/ sawdust wet from 20-28 suppliers)

SBP-compliant tertiary feedstock: 8 % (from 5-8 suppliers)

SBP-noncompliant 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); *Betula pubescens* (Ehrh.)

#### Information about LATVIAN forest resources

##### Forest cover

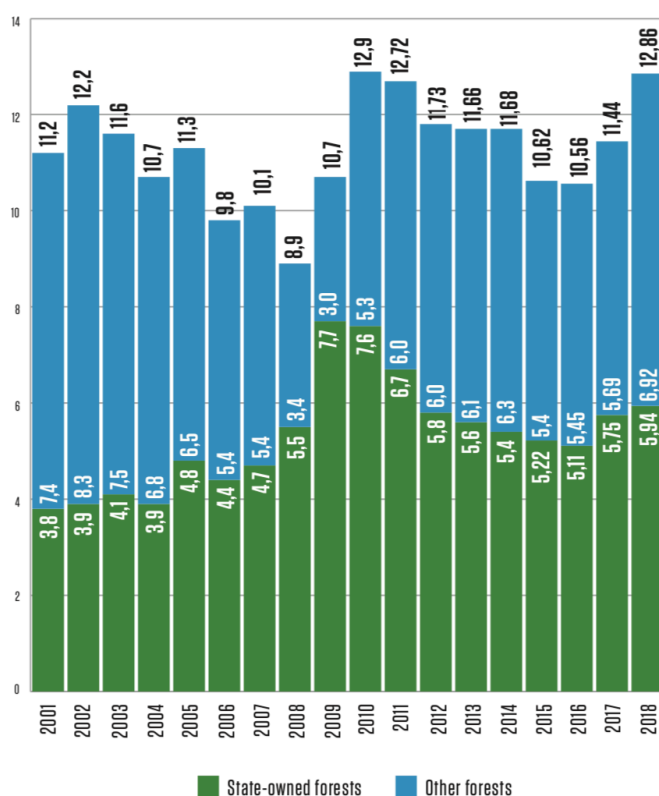
Latvia has the fourth highest forest cover among all EU countries, surpassed only by Finland (77 %), Sweden (76 %) and Slovenia (63 %). Forests in Latvia take up 3.412 million hectares of land, or 53% of the country's territory. The Latvian state owns around one-half of the country's forests, while most of the rest of the forest belongs to approximately 135,000 private owners. The amount of forestland, moreover, is constantly expanding, both naturally and thanks to afforestation of infertile land and other land that is not used for agriculture.

In 2019, the predominant forest species in Latvia are: Pine 33%, Birch 30 %, Spruce 19%, Grey Alder 7%, Aspen 7%, Black Alder 3 %, Other Species 1%. (State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture:

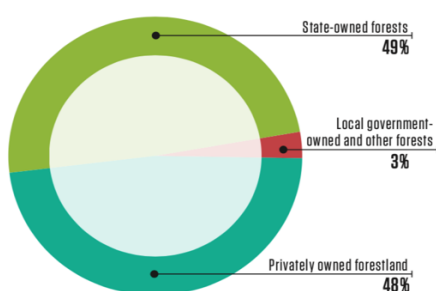
[https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti\\_ENG20.pdf](https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf))

An average of approximately 11 million m<sup>3</sup> of timber have been harvested each year in Latvia's forests during the past decade. That is less than the annual increment, and so forestry in Latvia can be described as sustainable. (State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture: [https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti\\_ENG20.pdf](https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf))

Timber Production (Million m<sup>3</sup>)



The Latvian state owns around one-half of the country’s forests, while most of the rest of the forest belongs to approximately 135,000 private owners. Forest ownership by status, 2019 (State Forest Service).



### Management practices

The forest sector in Latvia is under the supervision of the Ministry of Agriculture. It works with stakeholders to draft forest policies, development strategies for the sector, as well as regulations on forest management, the use of forest resources, environment protection and hunting. [www.zm.gov.lv](http://www.zm.gov.lv). The State Forest Service, under the Ministry of Agriculture, is the responsible agency for supervising how the provisions of the laws and regulations are observed in forest management irrespective of the ownership type. [www.vmd.gov.lv](http://www.vmd.gov.lv). State-owned forests are managed by Stock Company “Latvian State Forests”, which was established in 1999. It implements the state’s interests in terms of preserving and increasing the value of the forest and enhancing the contributions of the forest to the national economy.

Limitations on economic activity apply to 28,2% of Latvia's forests at this time, and most of this territory is owned by the state. 683 especially protected environmental territories have been set aside to protect nature. Many are included in the unified and pan-European NATURA 2000 network of protected territories.

There are various restrictions on economic activity in the specially protected areas, ranging from a complete ban on forestry throughout the calendar year to a ban on tree felling in certain months of the year or on specific conditions for felling. Overall, in around 13.5% of Latvia's forests there are some form of forest management restrictions in place, in 3.4% of these areas all forest management activities are prohibited.

Due to the dramatic increase in forest cover in the last 100 years, the current proportion of old-growth forests in Latvia is low and as such, a major challenge of forest conservation in Latvia is to ensure that such old-growth forests and features are protected and allowed to develop. [www.lvm.lv](http://www.lvm.lv)

According to the State Forest Service data, the total growing stock volume was 682 million m<sup>3</sup> in 2019. Latvian forest land consists of:

#### **Forest land consists of:**

- Forests 3.04 mln. ha (90.6%);
- Marshes 0.17 mln. ha (5.1%);
- Glades 0.031 mln. ha (0.9%);
- Flooded areas 0.017 mln. ha (0.5%);
- Objects of infrastructure 0.081 mln. ha (2.4%);
- Other forest land 0.017 mln. ha (0.5%).

State Forest Services: [vmd.gov.lv](http://vmd.gov.lv), 2019.

#### **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 2,645 billion euro (approx. 21% of all exports in 2018).

#### **Socio-Economic setting**

According to the Latvian Ministry of Agriculture, the forest sector is one of the cornerstones of the national economy at this time. Forestry, wood processing and furniture manufacturing represented 5,1% of GDP in 2018, while exports amounted to EUR 2,645 billion – 21% of all exports. There is no parish in Latvia with no larger or smaller wood processing company. Often these are the most important employers in the surrounding area, thus being the main pillar of support for local economies and residents.

The forest industry has always been Latvia's export leader. About 71 % of forestry-sector output is exported. The foreign trade balance of the Latvian woodworking industry is positive, having reached EUR 1.7 billion in 2018. In 2018, the value of forest product exports was EUR 2.645 billion, 17 % higher than in 2017, while the

value of forest products import was EUR 939 million. The main export destinations traditionally are the EU countries: the United Kingdom, Germany, and Sweden that together account for more than 40% of Latvia's wooden product exports.

### Biological diversity

In historical terms, the intensive use of Latvia's forests for economic purposes began comparatively later than in many other European countries, and that has allowed us to preserve extensive biological diversity. Limitations on economic activity apply to 28,2% of Latvia's forests at this time, and most of this territory is owned by the state. 683 especially protected environmental territories have been set aside to protect nature. Many are included in the unified and pan-European NATURA 2000 network of protected territories.

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. In 2018, the State Forest Service has established and maintained 2417 micro-reserves in forest lands with a total area of 43.7 thousand. ha, of which 91% of micro-restricted areas are in state forests, 7% - in private forests and 2% - in municipal forests. Identification and protection planning of biologically valuable forest stands is carried out continuously.

Moreover, there are national laws in place designed for the preservation of biological diversity and general nature protection requirements must be followed during the forest management activities. These are binding to all forest managers. These requirements stipulate that selected old and large trees, dead wood, underwood trees and shrubs, land cover around wet micro-lowlands (terrain depressions) are to be preserved at felling, 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 272 960 ha (2019). 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 or PEFC certified. From a total forest area of 3.412 million hectares more than a half of Latvian forest areas have been certified according to FSC or PEFC certification scheme. Both the FSC and PEFC systems have found their way into Latvia.



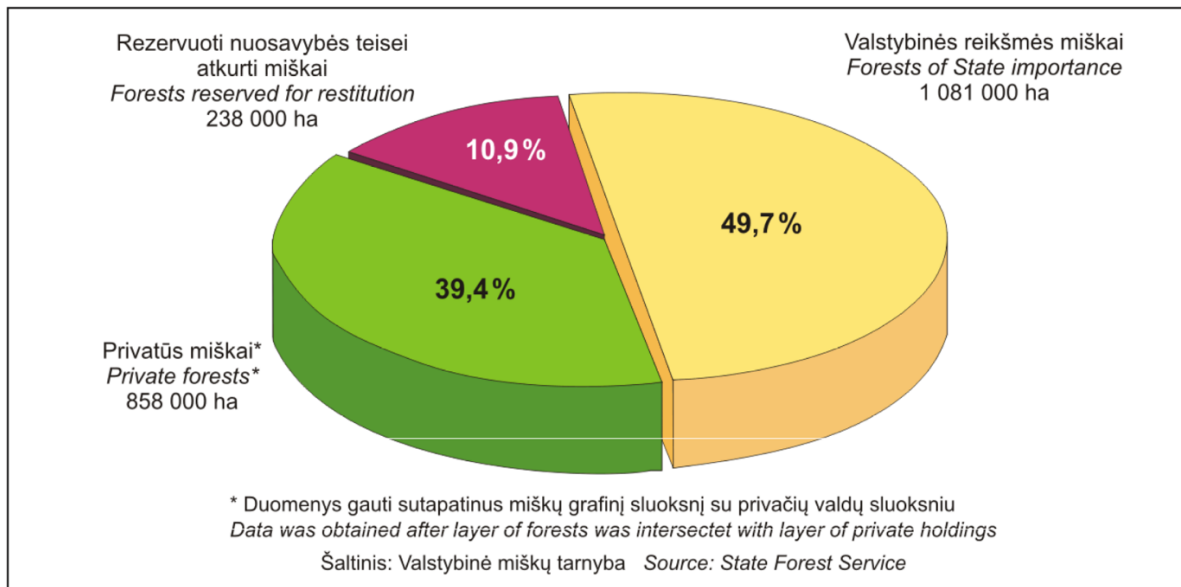
### Conservation CITES or IUCN species

Species	CITES status	IUCN classification
Oak ( <i>Quercus robur</i> )	Not on the list	Least concern (LC)
Oak ( <i>Quercus petraea</i> )	Not on the list	Least concern (LC)
Other CITES / IUCN registrations	<p>Accession 1997</p> <p><a href="https://cites.org/eng/cms/index.php/component/cp/country/LV">https://cites.org/eng/cms/index.php/component/cp/country/LV</a></p> <p>Other CITES species are present but do not include softwood or deciduous trees which are threatened.</p> <p>Full list:</p> <p><a href="http://checklist.cites.org/#/en/search/country_ids%5B%5D=196&amp;cites_appndices%5B%5D=I&amp;cites_appndices%5B%5D=II&amp;cites_appndices%5B%5D=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=Plantae&amp;page=1&amp;per_page=20">http://checklist.cites.org/#/en/search/country_ids%5B%5D=196&amp;cites_appndices%5B%5D=I&amp;cites_appndices%5B%5D=II&amp;cites_appndices%5B%5D=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=Plantae&amp;page=1&amp;per_page=20</a></p>	<p>Common Ash (<i>Fraxinus excelsior</i>) – Near Threatened</p> <p><a href="https://www.iucnredlist.org/species/203367/67807718">https://www.iucnredlist.org/species/203367/67807718</a></p> <p>Full list</p> <p><a href="https://www.iucnredlist.org/search?andRegions=LV&amp;searchType=species">https://www.iucnredlist.org/search?andRegions=LV&amp;searchType=species</a></p>

### Information about LITHUANIAN forest resources

Agricultural land covers more than 50 % of Lithuania. The forested land occupies about 28 % or 2.18 million ha, while the land classified as forest occupies about 30 % of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 % of the land. The total land area belonged to 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 forestry 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 categories: reserves (2 %), ecological category (5.8 %), protected category (14.9 %) and commercial category (77.3 %). All types of cuttings are prohibited in reserves. Clear cuttings are prohibited in national parks, while thinning and sanitary cuttings are allowed there. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinning as well. Almost no restrictions as to logging methods exist in the forests of commercial category.

Lithuania has signed the CITES Convention in 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 forests are the most common type of forests, covering about 38 % of the woodland. Spruce and birch forests account for 24 % and 20 % respectively. Alder forests occupy about 12 % of the forest area, which is a relatively high figure that indicates the moisture level on specific sites. Oak and ash account for about 2 % of the forest area each. The area occupied by aspen stands is almost 3 %.

The growing stock in Lithuanian forests is about 180 m<sup>3</sup> per hectare. In nature stands, the average growing stock in all Lithuanian forests is 244 m<sup>3</sup> per hectare. Total annual growth is almost 11,900,000 m<sup>3</sup> and the average annual wood increase has reached 6.3 m<sup>3</sup> per hectare. Sustainable forest management is the overriding objective for forest policy and practice in Lithuania. Therefore, forest resources are used responsibly and annual timber harvest rate does not exceed the annual increment. Lithuania's forests produce around 18 million m<sup>3</sup> of stem wood (over bark). Annual fellings do not exceed 60 per cent of gross total annual increment.

Forests are divided into groups upon the objectives of the economic activities, their regime and the major functional purpose.

Group I – strict reserves forests. These are the strict reserves and small strict reserves forests on the territories of state strict nature reserves, state parks and biosphere monitoring territories. Objective of economic activities – to preserve the forests for a natural growth.

Group II – forests of special purpose, split into the following: A – ecosystem protection forests. Landscape, botanical, forest genetic, zoological, botanical-zoological reserves and reserves of these types in state parks

and biosphere monitoring territories. Objective of economic activities – to preserve or restore forest ecosystems or separate ecosystem components. B – recreational forests. Recreational forests cover forest

parks, urban (city) forests, forests of recreation zones of the state parks, recreational forest areas and other forests defined for recreation. Objective of economic activities – to form and preserve the recreational forest environment.

Group III – protective forests. These are the forests in the territories of geological, geomorphological, hidrographical, and cultural reserves, forests of protection zones. Objective of economic activities – to form productive forest stands capable of performing the functions of protection of soil, air, water and human living surroundings.

Group IV – commercial forests, split into the following: A – commercial forests of normal cutting age. Objective of economic activities – to form productive forest stands and supply wood continuously following the requirements of environmental protection;; B - forest plantations. Objective of economic activities – to grow as much wood as possible in the shortest period of time.

The expected annual logging volume is 5.2 million m<sup>3</sup>, 2.4 million m<sup>3</sup> of which are sawn wood and the remaining 2.8 million m<sup>3</sup> are small dimension wood for production of paper pulp or boards or for using as firewood. The calculations refer to the nearest 10-year period. If more intensive and efficient forest management systems are implemented, successful growth should be achieved.

Certification of all State forests in Lithuania is performed according to the strictest certification system in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certification confirms the fact that Lithuanian State forests are managed responsibly, in compliance with the requirements of protection and conservation of biodiversity.

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

**Conservation: CITES or IUCN species**

Species	CITES status	IUCN classification
Oak ( <i>Quercus robur</i> )	Not on the list	Least concern (LC)
Oak ( <i>Quercus petraea</i> )	Not on the list	Rare - status is rare because Lithuania is the edge of its growing range.
Other CITES / IUCN registrations	<p>Accession 2001</p> <p><a href="https://cites.org/eng/cms/index.php/component/cp/country/LT">https://cites.org/eng/cms/index.php/component/cp/country/LT</a></p> <p>Other CITES species are present but do not include softwood or deciduous trees which are threatened.</p> <p>Full list:</p> <p><a href="http://checklist.cites.org/#/en/search/country_ids%5B%5D=154&amp;cites_appendices%5B%5D=I&amp;cites_appendices%5B%5D=II&amp;cites_appendices%5B%5D=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=&amp;page=1&amp;per_page=20">http://checklist.cites.org/#/en/search/country_ids%5B%5D=154&amp;cites_appendices%5B%5D=I&amp;cites_appendices%5B%5D=II&amp;cites_appendices%5B%5D=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=&amp;page=1&amp;per_page=20</a></p>	<p>Common Ash (<i>Fraxinus excelsior</i>) – Near Threatened</p> <p><a href="https://www.iucnredlist.org/species/203367/67807718">https://www.iucnredlist.org/species/203367/67807718</a></p> <p>Full list</p> <p><a href="https://www.iucnredlist.org/search?landRegions=LT&amp;searchType=species">https://www.iucnredlist.org/search?landRegions=LT&amp;searchType=species</a></p>

**Belorussia**

In Belorussia forests cover area of 9,5 milj hectares. According to the data of the State Forest Ministry Woodenness amounts to 39,3 %  
 Country area 20760 (1000 Ha);  
 Agricultural area 8796 (1000 Ha);  
 Land area 20291 (1000 Ha);  
 Forest area 8707.6 (1000 Ha);  
 Forest industry input into IKP is 1,1%;  
 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 Belorussia has fluctuated aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

**Forest land consists of:**

	Area (1000 hectares)
Forest	7,894

Other wooded land	914
Forest and other wooded land	8,808
Other land	11,94
Total land area	20,748
Inland water bodies	12
Total area of country	20,76

Source: <http://www.mlh.by> , 2015.

#### **Distribution of forests by the dominant species:**

- pine 50,4%;
- spruce 9,2%;
- birch 23,1%;
- black alder 3,3%;
- grey alder 3,3 %;
- aspen 2,1%;
- other species 3,3%.

Source: <http://www.mlh.by> , 2015.

#### **Timber production by types of cuts, by volume produced (2013):**

- final cuts 34,5 %;
- thinning 45,79 %;
- other types of cuts 19,62 %.

Source: <http://www.mlh.by>,

#### **The field of forestry**

Management of the state-owned forests is performed by different types of state organisations.

#### **Biological diversity**

Belorussia has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belorussia.

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. <http://belstat.gov.by/> (2015.y.)

There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 milj ha and area of National parks is 3,98 milj ha.

#### **Forest and community**

In 2014 in all kinds of felling there were harvested 12,5 million m3 marketable timber.

Foreign trade surplus made USD 104 million. 1.9 million cubic meter round timber and 191.8 thousand cubic meter sawn timber were sold abroad.

Forest products and services were exported to 25 states, including 95,3% to the near abroad and 4,7% to the remote countries. Among the main forest export directions are Poland (47,9% of the total export volume in value terms), Germany (11,4%), Lithuania (10%), Latvia (8,62%), the Netherlands (3,3%), Belgium (3,46%), Sweden (3,25%).

#### **Certification**

All forest area is certified by PEFC certification scheme. 7,7 milj. ha (83 forestries) are certified according to PEFC. 5milj. ha (61 forestries) are certified according to FSC FM standards.

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

#### **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%).

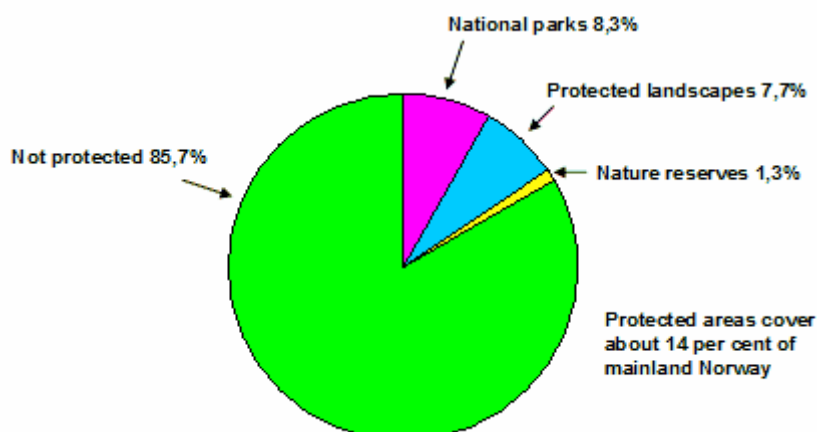
From the forest area: Privately owned forests 80 % ; State and municipalities 12 %  
Industrial private 4 %; Local common land 4 %

## 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](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.

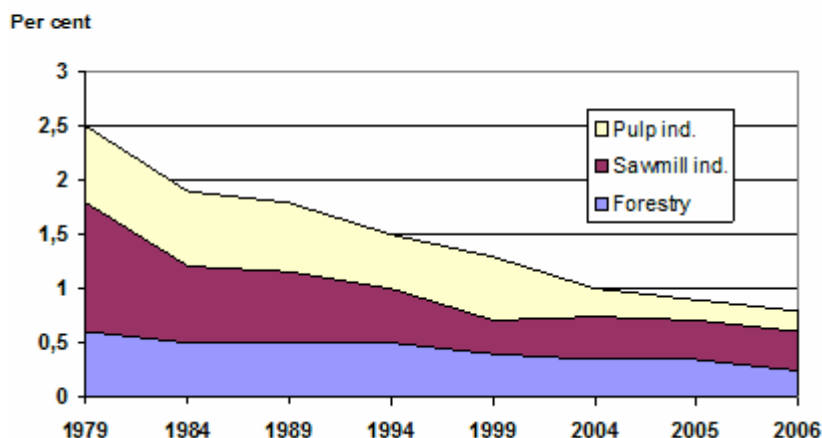
Those regions identified by Conservation International as a Biodiversity Hotspot <http://www.biodiversityhotspots.org/xp/hotspots/Pages/default.aspx> Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation 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](http://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 percent 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.

## SWEDEN

### Forest resources

Sweden is parliamentary constitutional monarchy that joined EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. The Agency also strives to increase awareness of the forest's significance, including its value for outdoor recreation. The Agency has offices throughout the country. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories. Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 23 million hectares. However, if this area is calculated according to international forest land definitions, it is 27 million hectares. Spruce and pine are by large the predominant species in Swedish forests. These two species count more than 80 % of the timber stock. In northern Sweden pine is the most common species, whereas, spruce, mixed with some birch, dominates in southern Sweden. Due to effective and far-sighted forest management, the timber stock in Sweden has increased by more than 60 % in the last hundred years and it is now 300 million m<sup>3</sup>. In recent years felled quantities have been between 85 and 90 million m<sup>3</sup>, whereas annual growth amounts approximately to 120 million m<sup>3</sup>.

### Biological diversity

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90 % of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220,000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12,000 hectares of protected habitat types and 25,000 hectares of woodland set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established an IUCN National Committee.

### Forest and community

Private forest owner families hold about 50 % of Swedish forests, privately owned forestry companies about 25 % and the State and other public owners have the remaining 25 %. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.<sup>11</sup>

### Certification

Focusing on sustainable sourcing solutions 80 % of the Swedish forest land is certified under either the FSC or under PEFC certification schemes. FSC certified forests amount to 10.2 million hectares and PEFC certified to 7.5 million hectares. Of the total 7.5 million hectares certified under the PEFC scheme, 3 million hectares are family owned.

## RUSSIA

The total area of FSC forest land on the territory of the Russian Federation is 764 million hectares, accounting for about 21% of world reserves of standing timber. Forests cover 46.6% of the area of the Russian Federation, which is 1183.3 million hectares. Forests are mainly boreal. The main wood species are pine,



spruce, birch, aspen. Areas occupied by the main wood species plantations remain rather stable within last decades. Hardwood species compose 68.4%, softwood – 21,7%. Other wood species compose less than 1% of the forests. The total reserve of the wood in the forests located on forest fund land is 80 billion m<sup>3</sup>. In accordance with Russian legislation all forest fund land are state property. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forests using. The lease term may continue from 10 to 49 years. The using of forests as an entrepreneurial activity, can be given to entities registered in the territory of the Russian Federation as a legal entity or individual entrepreneur (in accordance with the legislation of the Russian Federation). Entering into the lease agreement or sale contract of forest plantations is carried out at the auction for the selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a lease forest land obliged:

- to carry out the activities on protection and reproduction of forests;
- to provide annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.

Allowable wood-cutting area in the Russian Federation is about 660 million m<sup>3</sup>, including softwood - 370 million m<sup>3</sup>. Using the allowable wood-cutting area does not exceed 35% of the country territory. According to Rosleskhoz (Russian Forestry) data the total recourses of increased volumes of cutting with the aim of cutting within the country is about 400 million m<sup>3</sup> per year. High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All reforestation activities in leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest management projects. The main way of reforestation in the Russian Federation is the procurement of natural regeneration. Artificial reforestation is carried out by creating forest plantations: planting or seeding of forest plants in the region of the supply base where active wood-cutting is taking place. As well all forest users plan and implement a set of fire-prevention measures aimed at preventing and reducing the after-effects of forest fires in the summer period.

According to the forest legislation of the Russian Federation the species listed in the Red Book shall be preserved as well as their habitats when harvesting. Banned is harvesting of precious, become extinct and specially protected wood species.

Traditionally in Russia softwood is harvested. However, for the pellets production a substantial part of the raw material is hardwood.

Forest complex of the Russian Federation, including the forestry and forest industry of harvesting and wood handling occupies an important place in the economy of the country. Products of forest complex are widely used in many industries, construction, agriculture, printing, trade and medicine.

The forest complex of the Russian Federation employs about 60 thousand of large, medium and small enterprises in all regions of the country.

The share of the forestry sector accounts 1.3% of GDP; 3.7% of the total industrial output, 2.4% of foreign profits in the scale of the Russian Federation. The total number of employees in the forest complex of Russia is about 1 million people.

From the total production of forest complex of the Russian Federation about 60% products are for the domestic market and 40% - for export.

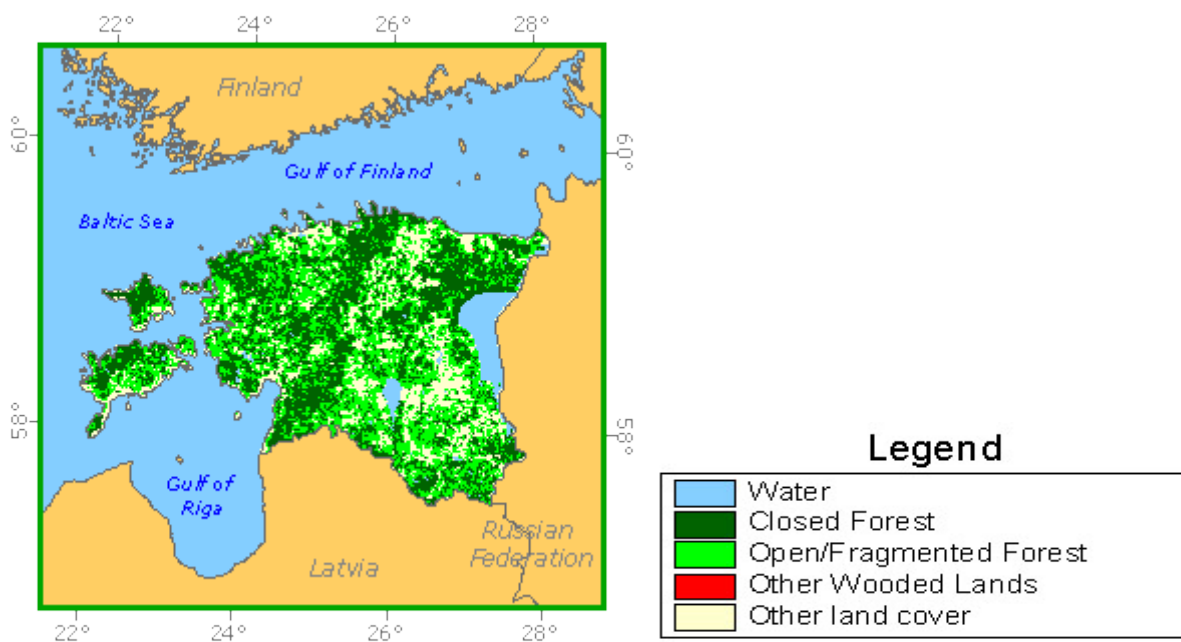
The consumers of the forest products at shaped and expanding markets require from their suppliers to refuse from the participation in the harvesting of forest products of dubious origin, as well their processing and marketing.

Forest certification is an effective tool for combating against illegal harvesting and illegal wood trade. The forest certification FSC (Forest Stewardship Council) is widely used in Russia. Also the certification system PEFC (Program for the Endorsement of Forest Certification Schemes) is used but less extensively. Certified forest area in Russia is about 40 million hectares, or 30% of the total number of forest under lease. Certified forests are located in 25 regions of Russia. The number of FM certificates on forest management is 121, the number of chain of custody certificate CoC is 320. Also the number of certificates for controlled wood is growing steadily, according to recent data it was about 140. The dynamics of forest certification in Russia points to the ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements.

## Estonia's Forest Resources

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020 has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques.

The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.



The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forests, protection forests and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area and are certified according to FSC and PEFC forest management and chain of custody standards in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest. Overall there is 1 491 863 ha5 of FSC certified and 1 241 612 ha6 of PEFC certified forest.

Currently more than 2 232 000 ha, equal to 49,3% of the Estonian land territory, is covered by forest. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 % . Forestry Development Plan 2012-2020 and Yearbook Forest 2014, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m<sup>3</sup> per year . The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

## 2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets are mostly used FSC certified supplier material (88.9%). The company policy is to give a preference to certified suppliers. Raw material 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.

## 2.3 Final harvest sampling programme

Not applicable.

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

Coniferous species - 85 % (sawdust),  
Deciduous species 15 % (sawdust).

Wood industry residues/ Chips 32%  
Wood industry residues/ sawdust wet 60 %  
Tertiary feedstock: 8 %

## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area 808,1 milj (ha): cumulative area of all forest types within SB
- b. Tenure by type (ha): Government 791.66 milj. ha; Privately owned 18,16 milj. ha, other 0,28milj.ha
- c. Forest by type (ha): Boreal 808,1 milj,ha
- d. Forest by management type (ha): Managed Natural 808,1 milj., ha
- e. Certified forest by scheme (ha): 59,51 milj. ha FSC and 18,13 milj. ha PEFC-certified forest

### Feedstock

- f. Total volume of Feedstock: 400 000 – 600 000 m<sup>3</sup>
- g. Volume of primary feedstock: 200 000 – 400 000 m<sup>3</sup>
- h. List percentage of primary feedstock (g), by the following categories. - 0% Subdivide by SBP-approved Forest Management Schemes:
  - Certified to an SBP-approved Forest Management Scheme 0%
  - Not certified to an SBP-approved Forest Management Scheme )%
- i. List all species in primary feedstock, including scientific name  
Picea abies (L.) H. Karst.; Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.; Alnus incana (L.) Moench, Populus tremula (L.); Betula pendula (Roth); 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
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

- l. Volume of secondary feedstock: total Sawdust wet and chips 200 000 – 400 000 m3  
**(Sawmill residue)** Sawdust 60-79 %, Wood chips 20-39 % feedstock as production waste from producers come from Latvia and Lithuania
- m. Volume of tertiary feedstock: 0 – 200 000 m3

As SBR is publicly available document not only for the purchasers of the product but also for others interested the management has decided to display the data as limit indicators in order not to display the exact data of raw materials and production output. \* *Reason for the volume banding is to prevent the company from publishing commercially sensitive data.*

### 3 Requirement for a Supply Base Evaluation

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

## 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




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

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

## 11.2 Public or additional reviews

Not applicable.

# 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<b>Mr. Saulius Jakelaitis</b> 	<i>Finance Director</i>	<b>23.09.2020</b>
	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:	<b>Mr. Kestutis Burdulis</b> 	<i>Economic Consultant</i>	<b>23.09.2020</b>
	Name	Title	Date
Report approved by:	<b>Mr. Edmundas Vilčiauskas</b> 	<i>Director</i>	<b>23.09.2020</b>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	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 figures for feedstock over the previous 12 months

01-08-2019 to 31-07-2020 – 97 950 tonnes

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

*01-08-2020 to 31-07-2021* 98 000 tonnes

Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m<sup>3</sup> if a compelling justification is provided\*

- \* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m<sup>3</sup>
2. 200,000 – 400,000 tonnes or m<sup>3</sup>
3. 400,000 – 600,000 tonnes or m<sup>3</sup>
4. 600,000 – 800,000 tonnes or m<sup>3</sup>
5. 800,000 – 1,000,000 tonnes or m<sup>3</sup>
6. >1,000, 000 tonnes or m<sup>3</sup>