



# Supply Base Report: Varpa SIA

Re-assessment

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## Completed in accordance with the Supply Base Report Template Version 1.4

*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*

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# 1 Overview

**Producer name:** Varpa SIA

**Producer address:** Indras Street 15, LV-5601 Krāslava, Latvia

**SBP Certificate Code:** SBP-04-59

**Geographic position:** 55.842900, 27.169100

**Primary contact:** Bernards Baranovskis, +371 6562 6653, b.baranovskis@varpa.eu

**Company website:** www.varpa.eu

**Date report finalised:** 14 May 2021

**Close of last CB audit:** 17 Mar 2021

**Name of CB:** SCS Global Services

**SBP Standard(s) used:** SBP Standard 1: Feedstock Compliance Standard, SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3

**Weblink to Standard(s) used:** <https://sbp-cert.org/documents/standards-documents/standards>

**SBP Endorsed Regional Risk Assessment:** Lithuania, Latvia

**Weblink to SBR 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	Re-assessment
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

**Feedstock types:** Primary, Secondary, Tertiary

**Includes Supply Base evaluation (SBE):** Yes

**Feedstock origin (countries):** Latvia, Lithuania

### 2.2 Description of countries included in the Supply Base

**Country:** Latvia

**Area/Region:** whole country

**Exclusions:** No

In Latvia, forests cover area of 3,412 mil. ha (the State Forest Services, 2021). 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 53% (ration of forest to the entire territory of the country). The Latvian State owns 1,47 mil. ha of forest (49% of the total forest area), whilst the other 1,56 mil. ha (51 % of the total forest area) belong to other private forest owners and municipalities. 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 meters (source: vmd.gov.lv).

Forest land consists of:

- Forests 3.052 mil ha (90.6%)
- Marshes 0.17 mil ha (5.05%)
- Glades (forest meadow) 0.03 mil ha (0.89%)
- Flooded areas 0.017 mil. ha (0.5%)
- Roads 0.022 mil. ha (0.65%)
- Ditches 0.061 mil. Ha (1.81%)

- Other woodland 0.017 mil.ha (0.5%)

(source: vmd.gov.lv, the State Forest Services, 2019)

Distribution of forests by the dominant species:

- Pine 32,95%
- Spruce 18,68%
- Birch 29,63%
- Black Alder 3,29%
- Grey Alder 7,07%
- Aspen 7,25%
- Other species (each less than 1%) 1%

(source: vmd.gov.lv, the State Forest Services, 2019)

Share of species used in reforestation, by planting area:

- Pine 16%
- Spruce 21%
- Birch 29%
- Grey Alder 13%
- Aspen 16%
- Other Species 5%

(source: vmd.gov.lv, the State Forest Services, 2019)

Timber production by types of cuts, by volume produced:

- Final cuts 82,94%
- Thinning 10,84 %
- Sanitary cuts: 3,05%
- Deforestation cuts 1.55%
- Other types of cuts 1.62%

(source: vmd.gov.lv, the State Forest Services, 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.zn.gov.lv](http://www.zn.gov.lv)). Implementation of requirements of the national laws and regulations is 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](http://www.vmd.gov.lv)).

Management of the state-owned forests is performed by the public limited company Latvian State Forests, established in 1999. The enterprises 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)).

The share of forestry, wood-working industry and furniture production in gross domestic product accounted for 5,1%, while exports amounted to 2.609 billion EUR in 2019, almost the same as in 2018 ([liaa.gov.lv](http://liaa.gov.lv)).

## **Harvesting**

In order to commence commercial activities in the forest, the State Forest Department requires long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting License for separate sites. The Harvesting License determines what kind of forest felling system is allowed, and which species and in what amount can be harvested in that area. It also determines the forest regeneration method for the each harvesting site. After the harvesting operation, the site owner signs a report on the harvested volumes and planned forest regeneration method. The site is inspected by a representative of the State Forest department. The Harvesting License (license number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.

## **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 purpose of conservation of natural values, a total number of 658 protected areas have been established, that covers 28.2% of woodland territories. Part of the areas has been included in the European network of protected areas NATURA 2000. Most of the protected areas are state-owned. Micro reserves were established in order to protect highly endangered species and woodland key habitats located without the designated protected areas. According to the data provided by the State Forest Service in 2019, the total area of micro reserves is 45,1 mil. 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 habitats for many organisms.

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

786 IUCN species are strictly protected by Latvian legislation, the protection measures has been taken into account permitting economical activities in the forests, including issuing of cutting licenses.

## **Forest and community**

Areas where recreation is one of the main forest management objectives add up to 8% of the total forest area (State Forest Service, 2020). 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 specifically protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry of Environmental Protection and Regional Development.

## **Certification**

The forests of both public limited company Latvian State Forests 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 FSC® and PEFC® systems have found their way into Latvia. Latvian forests are certified according to FSC on 1,133,584 ha and PEFC certification scheme on 1 690 052 ha.

SIA Varpa only uses FSC certified and controlled wood, as well as PEFC certified or controlled by PEFC DDS feedstock, in the form of wood waste from its own woodworking plant and purchased from other suppliers.

Varpa SIA is obtaining raw material, which is claimed as FSC or PEFC certified, mainly originating from Latvian State Forests and large private owners.

Varpa SIA is also implementing by PEFC DDS to other materials from variety of suppliers in Latvia.

## **Feedstock groups**

The largest part of feedstock for biomass production has been bought by VARPA SIA from Latvia as low grade round firewood and wood processing residues at saw mills.



## Overview of the proportions of SBP feedstock product groups for Latvian supplies:

Production Group	Proportion of the PG, %	Amount of Suppliers
Controlled Feedstock	1.02	1
SBP – compliant primary Feedstock	59.60	14
SBP – compliant secondary Feedstock	38.56	13
SBP – compliant tertiary Feedstock	0.82	1

**Feedstock's mixture of species:** Spruce (*Picea abies* (L.) Karst), Pine (*Pinus sylvestris* L.), Birch (*Betula pendula*), Pubescent birch (*Betula pubescens* (Ehrh.)) Aspen (*Populus* spp.), Grey Alder (*Alnus glutinosa* (L.) Gaertner), Black Alder (*Alnus incana* (L.) Moench).

**Country:** Lithuania

**Area/Region:** whole country

**Exclusions:** No

### Lithuania

According to National Forest Inventory data (2019), the forested land consists of 2,197,000 ha covering 33.7% of the country's territory. The south-eastern part of the country is most heavily forested, and here forests cover about 45% of the land. Since the 1st January 2003, the forest land area has increased by 151,800ha corresponding to 2,4% of the total forest cover.

By 1st January 2019, around a half of all forest land in Lithuania was of state importance – 1104,700 ha. 857,000 ha of private forests were registered in the State Enterprise Centre of Registers. After intersection of layers of all forests and private holdings the estimated area of private forests was 891,100 ha.

Forest land covered 607,900 ha in protected areas at the beginning of 2019. After estimating the overlaps of protected areas, this area decreases to 589,800 ha. NATURA 2000 sites and natural habitats of European Community importance (taking into account the overlaps between these sites) included 688,700 ha of forest land. Lithuania has been a signatory of the CITES Convention since 9 March 2002. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania. Restrictions of activities were applied in 68,800 ha of forest land as these areas fall into the key forest habitats, protection zones of Lithuanian Red Book objects or buffer zones of state parks. The area of forest land in all these territories, taking into account their overlaps, was 845,500 ha.

Half of this forest land is classified as forest group IV (commercial). The area classified as group III (protective) compose 22%, group II (ecosystem protection and recreational) - 25% and group I (strict nature reserves) - 3%.

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. Occupying 1,145,600 ha, coniferous stands prevail in Lithuania, covering 55.6% of the forest stands area. They are followed by softwood deciduous forests (844,800 ha, 41.0%). Hardwood deciduous forests occupy 68,200 ha (3.3%). The total area of softwood deciduous forest stands increased by 146,400 ha over the last sixteen years. The area of hardwood deciduous has decreased by 24,400 ha (mainly due to dieback of ash stands) and coniferous forest by 14,400 ha. Scots pine occupies the biggest share in Lithuanian forests – 710,600 ha. Compared to 2003, the area of pine decreased by 900 ha. Norway spruce stands covers 432,600 ha, with a reduction of 12,700 ha. Birch stands covers the largest area among deciduous trees. Since 2003, it increased by 60,300 ha and reached 452,400 ha by the 1st January 2019. Area of black alder increased by 41,800 ha, to 161,300 ha. The area of grey alder decreased by 300 ha reaching 121,700 ha. The area of aspen stands expanded by 38,600 to 96,000 ha. The area of oak stands increased from 35,700 ha to 47,300 ha. The area of ash stands decreased more than three times and occupied 13,000 ha. The average forest area per capita increased to 0.79 ha.

The average growing stock volume in all forests since 2003 increased by 34 m<sup>3</sup>/ha up to 260 m<sup>3</sup>/ha. The growing stock volume of mature stands in III-IV forest groups has increased from 109.9 to 153.7 million m<sup>3</sup> in average 2.7 million m<sup>3</sup> per year. The gross annual increment increased from 16.0 to 20.4 million m<sup>3</sup> in average and now contain 9.6 m<sup>3</sup>/ha per year. The average growing stock volume per capita reached 198 m<sup>3</sup>.

The wood industry (including manufacture of furniture) exports increased to EUR 3,100 million or by 9% compared with 2017. Its share in the total export of Lithuania increased from 10.8% to 11.0%. The total value added in the forest sector (including manufacture of furniture) reached EUR 1.8 billion in 2017. Total value added (at current prices) increased by 9% over the year. Sectors share in the total national value added was 4.6% same as in 2016.

(Resources: <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=35942>)

Certification of all state forests in Lithuania is done according to the strictest certification in the world – the FSC (Forest Stewardship Council) certificate - 1,180,605 ha. 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>)

Varpa SIA is obtaining raw material, which is claimed as FSC certified, mainly originating from Lithuanian State Forest Enterprises.

Varpa SIA is also implementing by PEFC DDS to other materials from variety of suppliers in Lithuania and includes controlled Lithuanian supplies into SBE.

### Feedstock groups

About one third of the feedstock VARPA SIA obtains from Lithuania as wood processing residues from saw mills.

#### Overview of the proportions of SBP feedstock product groups for Latvian supplies:

Production Group	Proportion of the PG, %	Amount of Suppliers
Controlled Feedstock	0	0
SBP – compliant primary Feedstock	0	0
SBP – compliant secondary Feedstock	100	3
SBP – compliant tertiary Feedstock	0	0

**Feedstock`s mixture of species:** Spruce (*Picea abies* (L.) Karst), Pine (*Pinus sylvestris* L.), Birch (*Betula pendula*), Pubescent birch (*Betula pubescens* (Ehrh.)) Aspen (*Populus lpp.*), Grey Alder (*Alnus glutinosa* (L.) Gaertner), Black Alder (*Alnus incana* (L.) Moench).

## 2.3 Actions taken to promote certification amongst feedstock supplier

Company`s procurement contracts contain demand for suppliers to provide information on the origin of forest raw materials upstream from the point of delivery and the obligation to support Varpa SIA in inspecting this information. SIA Varpa supply managers explain for suppliers that the best way to fulfil these

contracts' demands is the participation in wood chain of custody certification. Thus, the attention of all involved responsible from the woodworking and logging enterprises has been turned to the necessity to implement sustainable forestry certification methods.

Varpa SIA also declared on a regular basis to their suppliers its preference to FSC® or PEFC® certified supplies, compared with supplies having other sustainability data.

In March 2020 Varpa SIA has broadcasted among its uncertified suppliers a letter with invitation to participate in FSC or PEFC COC certification schemes. This invitation explained the role and importance of the CoC certification, as well as benefits for the supplier resulting from this certification.

## 2.4 Quantification of the Supply Base

### Supply Base

- a. **Total Supply Base area (million ha):** 5,61
- b. **Tenure by type (million ha):**2.73 (Privately owned), 2.88 (Public)
- c. **Forest by type (million ha):**5.61 (Temperate)
- d. **Forest by management type (million ha):**5.61 (Managed natural)
- e. **Certified forest by scheme (million ha):**2.58 (FSC), 1.72 (PEFC)

**Describe the harvesting type which best describes how your material is sourced:** Mix of the above

**Explanation:** The main harvesting method in Latvia and Lithuania is clear cutting after the forest has achieved maturity age (60-100 years depending on dominant species). Thinnings represent a small part of the feedstock.

**Was the forest in the Supply Base managed for a purpose other than for energy markets?** Yes - Majority

**Explanation:** Forests are managed traditionally with the purpose to maximize their value. Therefore the main outcome after cuttings is represented by high value logs, which are used in woodworking industries as sawmilling and veneer production. Such logs are economically not suitable for usage as energy source.

**For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling?** Yes - Majority

**Explanation:** Local traditions and state legislation is asking for recovering of cutted forests, by artificial planting of trees or naturally. The newly recovered forests are

**Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?** Yes - Minority

**Explanation:** Sanitary harvesting has very minor extent. Most forests are well managed and healthy.

### Feedstock

**Reporting period from:** 01 Jan 2020

**Reporting period to:** 31 Dec 2020

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
  - Certified to an SBP-approved Forest Management Scheme: 20% - 39%

- Not certified to an SBP-approved Forest Management Scheme: 1% - 19%
- d. List of all the species in primary feedstock, including scientific name:** Picea abies (Spruce); Pinus sylvestris (Pine); Betula pendula (Birch); Betula pubescens (Pubescent birch); Populus tremula (Aspen); Alnus glutinosa (Grey alder); Alnus incana (Black alder);
- e. Is any of the feedstock used likely to have come from protected or threatened species?** No
- Name of species: N/A
  - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
- f. Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 88,90
- g. Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 11,10
- h. Proportion of biomass composed of or derived from saw logs (%):** 0,00
- i. Specify the local regulations or industry standards that define saw logs:** The local industry considers that saw log has diameter 12 cm and more for coniferous species, and 14+ cm - for broadleaf species, lengths shall be not less than 2m, and the saw log shall be straight enough, no rot , without metal inclusions.
- j. Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 97,00
- k. Volume of primary feedstock from primary forest:** 0 N/A
- l. List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. Volume of secondary feedstock:** 1-200,000 tonnes
- Physical form of the feedstock: Chips, Sawdust
- n. Volume of tertiary feedstock:** 1-200,000 tonnes
- Physical form of the feedstock: Shavings

#### Proportion of feedstock sourced per type of claim during the reporting period

Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	16,90	8,00	15,80	0,00
Secondary	44,70	7,20	6,10	0,00
Tertiary	0,00	0,60	0,00	0,00
Other	0,00	0,00	0,00	0,00

### 3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? Yes

SIA Varpa receives only part of its feedstock as SBP- compliant, when it is obtained from SBP-approved Forest Management Schemes. The market demands mainly for SBP-compliant biomass, therefore the SBE needs to be implemented.

SBP Supply Base Evaluation includes:

- **Primary** wood (rough wood),
- **Secondary** wood (woodchips and sawdust as sawmill and wood industry residues).

## 4 Supply Base Evaluation

### 4.1 Scope

**Feedstock types included in SBE:** Primary, Secondary

**SBP-endorsed Regional Risk Assessments used:** Lithuania, Latvia

**List of countries and regions included in the SBE:**

**Country:** Latvia

**Indicator with specified risk in the risk assessment used:**

2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

**Specific risk description:**

There is not enough information about the location of HCV (1, 3 and 6) in the forest, and major gaps in knowledge about the forest HCV in non--certified, primarily privately--owned forests.

**Country:** Latvia

**Indicator with specified risk in the risk assessment used:**

2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

**Specific risk description:**

Forest owners/managers and logging companies have lack knowledge and awareness on identification and protection of HCV 1, 3, 6 and these are not enough protected by the legeslation. Therefore, there is high risk that mentioned HCV are destroyed or damaged during harvesting operations in non--certified forests.

**Country:** Latvia

**Indicator with specified risk in the risk assessment used:**

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:**

Professional OH&S institutions consider that the risk level cannot be specified as "low risk" for all operations in the forestry sector in Latvia, as the situation vary significantly among the companies working in the forestry sector. "Specified risk" is considered for harvesting works which are carried out by manual harvesting means (chainsaws) in non--certified forests.

**Country:** Lithuania



**Indicator with specified risk in the risk assessment used:**

2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

**Specific risk description:**

Absence of a regulated protection regime in private forests against negative impacts of forest activities on WKH in Lithuania brings this indicator to have "Specified risk".

**Country:** Lithuania

**Indicator with specified risk in the risk assessment used:**

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:**

There is concern about contractors working in private forests because of periodically occurring fatal and serious injuries at the work place. In addition, there are not sufficient measures to ensure that contractors working in private forest are properly equipped and trained about OH&S.

## 4.2 Justification

RRAs has been developed by implementing extensive consultations with the interested parties and communicating with the biomass suppliers, NGOs, experts and state institutions, as well as overview of national law and regulatory requirements, national policies (forest industry, nature protection, biodiversity etc.), the annual reports and publications of the national institutions and authorities has been deeply analyzed, what gave all-encompassing knowledge about risk indicators actual for Latvian and Lithuanian forestry industry.

Achieving compliance with those RRAs shall be the best practice of the proper risk mitigation for indicators in trouble.

## 4.3 Results of risk assessment and Supplier Verification Programme

Taking into account Latvian particularity, experts advices and recommendations, "specified risk" has been applied to the identification and conservation of birds habitats (HCV category 1), protection of WKHs (HCV category 3), cultural and historical objects (HCV category 6), as well as to the work safety of forest workers (indicator 2.8.1).

In Lithuania “specified risk” has been defined to the protection measures WKHs (HCV category 3) (indicator 2.1.2.) and work safety of forest workers (indicator 2.8.1).

## **4.4 Conclusion**

Our SBE procedure, based on RRAs, has a solid ground for observation and protection of all SBP principles, because it is based on wide range of stakeholders' opinions, scientific research and governmental recommendations.

Supplier verification program, correspondingly elaborated, is intended to control all main points of risks origin, and is capable to optimization and development.

It has proofed its reliability and effectiveness by the medium of the real-life experience.

## 5 Supply Base Evaluation process

The SBE approved feedstock, which SIA Varpa is obtaining for SBP-compliant biomass, refers to supplies from Latvia and Lithuania.

While looking for the approval of its SBE procedures Varpa SIA has initiated stakeholders consultation in both countries with wide range of experts, state officials, independent organization, local communities, suppliers, loggers and processors.

Our person responsible for BP's 'in-house' SBE audits at the level of suppliers has high and checked by BP qualification. All people involved into the auditing processes have got the specialized training.

For each risk indicator, a questionnaire has been developed and applied, so that it would be possible to evaluate objectively and get the full necessary information about wood obtaining places, which are included into the scope of the SBE.

The frequent random field and onsite audits according to the developed plan and initial audits at the new suppliers are taken with the purpose to keep the SBE processes running stably, uniformly and comprehensively.

All results and observations are documented and colligated.

Consolidated results are presented to the interested parties, senior executives and partners, as well as discussed with the intention to improve the effectiveness and quality of the system.

## **6 Stakeholder consultation**

The Risk Mitigation Measures were published on Varpa SIA home page on 8th January, 2021. 114 stakeholders from different society segments were invited to consultations about Varpa SIA mitigation measures in Latvia, and 133 - in Lithuania. The list of stakeholders includes maximum of possible interested parties. The stakeholders in the list represent economic, social, environmental interests and also local authorities.

The information about BP's risk mitigation measures were distributed by means of mass e-mail mail-out with the registering of receipt.

No feedback has been received.

### **6.1 Response to stakeholder comments**

N/A

## 7 Mitigation measures

### 7.1 Mitigation measures

<b>Country:</b>	Latvia
<b>Specified risk indicator:</b>	2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.
<b>Specific risk description:</b>	There is not enough information about the location of HCV (1, 3 and 6) in the forest, and major gaps in knowledge about the forest HCV in non-certified, primarily privately--owned forests.
<b>Mitigation measure:</b>	<p>Applies to timber purchases throughout the territory of Latvia which include purchases after logging or clearing of agricultural land.</p> <p>Does not apply to FSC or PEFC certified deliveries.</p> <p>The assessment is to be carried out before logging at site by a trained person who has been issued with the relevant certificate .</p> <p>The assessor must have expert access to the Ozols database and the list of cadastral numbers of uninspected territories.</p> <p>The assessor checks whether the cadastral number of a given felling area is an uninspected area in the list. If not, then the Assessor checks the given cadastral number in the database "Ozols" about the existence of HCV. If a HCV in the database is presented at the given cadastral number, wood from the given felling is to be rejected.</p> <p>If Ozols database does not indicate a HCV, the Assessor must check the cutting area after large bird nests (dia&gt; 50cm), thick aged trees (dia&gt; 80cm) and markers of cultural or historical objects. If any of the objects mentioned in this point will be found in the felling area, the respectively an expert must be invited, whose assessment of the existence of the HCV will be final.</p> <p>If in the database "Ozols" the cutting area appears in the list of uninspected territories, Assessor uses the "Habitat Tool" available in the Latbio database <a href="http://latbio.lv/MBI/search_db">http://latbio.lv/MBI/search_db</a>. Here he checks for the existence of a potential forest habitat (WKH) in each felling area.</p> <p>If the Latbio habitat instrument indicates that there is a risk of WKH in the area, then in each red "risk area" the Assessor performs a field inspection in accordance with the High Value Forest determination questionnaire (Document SBP-21).</p> <p>If it follows from the questionnaire that the felling area has signs of WKH, then the cutting area shall be inspected by an expert whose assessment will</p>

be final.

The assessor shall also use any other professionally or publicly available supplement information for the identification of HCV in felling areas.

**Country:** Latvia

**Specified risk indicator:** 2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

**Specific risk description:** Forest owners/managers and logging companies have lack knowledge and awareness on identification and protection of HCV 1, 3, 6 and these are not enough protected by the legislation. Therefore, there is high risk that mentioned HCV are destroyed or damaged during harvesting operations in non--certified forests.

**Mitigation measure:**

When the HCV are identified on the cutting site, wood from such cutting area cannot be supplied to BP.

Suppliers are correspondingly trained about this restriction, they have written instructions and obligations in written contracts with the BP for feedstock supply.

Suppliers are randomly and regularly inspected about the compliance with SBE demands by BP's site visits.

**Country:** Latvia

**Specified risk indicator:** 2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:** Professional OH&S institutions consider that the risk level cannot be specified as "low risk" for all operations in the forestry sector in Latvia, as the situation vary significantly among the companies working in the forestry sector. "Specified risk" is considered for harvesting works which are carried out by manual harvesting means (chainsaws) in non--certified forests.

**Mitigation measure:**

Occupational safety risk mitigation measures - applies only to hand-held chainsaws, development teams. Of these, occupational safety audits are not performed for those companies that have OH&S work safety certification for logging or working for FSC or PEFC certified forests. Such suppliers have a low risk status.

The licensing specialist performs audits in the forest during logging by prior planning, or perform occupational safety audits at the same time as performing other audits.

The task of the audit is to make sure that the supplier adheres to the work

in the logging works security regulations in accordance with the legislation of the Republic of Latvia.

For each occupational safety supervision audit, fill in the questionnaire "Occupational safety questionnaire" (Document SBP-22). If the number of points in the work safety questionnaire is from 1-2, then the supplier is informed about it and wood harvested by a given logger is no longer purchased until approved by additional audit that occupational safety issues are in order and meet all requirements.

Initially, the Licensing Specialist conducts an audit of each hand saw team before their first delivery of the feedstock to BP.

Afterwards, approved SBE NR compliant loggeres are audited on a random basis, starting with the number of annual inspections 0.8 times the square root of the total number of SBE NR loggers in a year, rounding the obtained number up to the integer.

The number of repeated safety audits per year should be calculated on a country-by-country basis. Audit should be carried out on a random basis each month, spreading the overall audit view evenly over the months and suppliers.

<b>Country:</b>	Lithuania
<b>Specified risk indicator:</b>	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
<b>Specific risk description:</b>	Absence of a regulated protection regime in private forests against negative impacts of forest activities on WKH in Lithuania brings this indicator to have "Specified risk".
<b>Mitigation measure:</b>	<p>Most High Conservation Values (HCV) in the forest are duly protected by Lithuanian legislation, and threats for these HCV are addressed.</p> <p>Nevertheless one exception exists, it is the protection of Woodland key habitats (WKH).</p> <p>Lithuanian state forests by their initiative have implemented comprehensive measures to protect WKH, and therefore risk for WKH in state forests is considered as low. Correspondingly, the feedstock coming from state forests does not need mitigation.</p> <p>Risk mitigation measures shall be applied to feedstock originating from private forests.</p>

WKH were invented in Lithuania in 2013.

The information about areas with WKH among others is acceptable at the web page <https://www.geoportal.lt/geoportal/>.

Each supplier wanting to supply primary feedstock to Varpa SIA as compliant with SBE requirements shall check cutting areas on the presence of WKH at the given web-site, as well as document the results of these checks (eg. printout of screenshots).

If a cutting area appears having no WKH, the wooden feedstock from it can be supplied as compliant with SBE requirements, and the primary supplier places the inscription "SBE NR" on waybills what indicates the Negligible Risk.

If WKH are present on the cutting area, such feedstock cannot be supplied to Varpa SIA.

To exclude the risk of improper supplies SIA Varpa to makes random checks of suppliers and cutting areas as a 0.8 multiplied by square root of total quantity of suppliers or risky cutting areas offered for Varpa SIA during the year evenly spreading checks by suppliers and months.

**Country:**

Lithuania

**Specified risk indicator:**

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:**

There is concern about contractors working in private forests because of periodically occurring fatal and serious injuries at the work place. In addition, there are not sufficient measures to ensure that contractors working in private forest are properly equipped and trained about OH&S.

**Mitigation measure:**

Forestry in Lithuania has the highest risk in relation to health and safety.

Corresponding measures have been prepared in Lithuanian state forest, namely: periodical monitoring of all contractors and subcontractors working in state forest and checks if they are following health and safety requirements.

Logging companies that are working in FSC FM/COC certified forest operations based on subcontracting agreements are monitored not only by the forest managers, but are required to fulfill the FSC requirements set in



P4 (P2 in FSC-STD-01-001 v 5-0).

Therefore logging companies, which work in certified forests and who have valid contracts with state forests or FSC FM certified forest owners are exempt from risk mitigation activities.

Mechanized forestry operations (by harvesters) represent much lower risk level compared with traditional hand-held chainsaw operations.

Therefore occupational safety risk mitigation measures only apply to hand-held chainsaws, operating in non-certified private forests.

The Varpa SIA Licensing Specialist carries out field audits in the forest during logging in advance, i.e. before the first wood cutting for supplies to Varpa SIA, and checks if all occupational safety measures are in place.

The task of the audit is to make sure that the supplier complies with labor safety regulations in accordance with the legislation of the Republic of Lithuania.

The auditor fills the questionnaire "Safety Requirements Questionnaire" (is available on request) and assesses each safety aspect by five-point grading scale.

If the number of points in the questionnaire equals to 1-2, then such grade is considered as unsatisfactory, and the supplier will not be qualified to be allowed to purchase logs at him until it is confirmed by an additional audit that the safety issues are fully addressed.

To minimize the risks, the Licensing Specialist of SIA Varpa makes further random checks of woodcutters as a 0.8 multiplied by square root of total quantity of hand-logging squads implemented during the year evenly spreading checks by suppliers and months.

## 7.2 Monitoring and outcomes

Indicators are monitored at site visits of suppliers and field visits of cutting areas, as well as by requests of data about cutting areas at data bases Ozols and Latbio in Latvia and Geoportal in Lithuania.

In 2020 80 cutting areas has been visited by BP's Licensing Specialist, and 34 site visits of suppliers and sub-suppliers have been fulfilled.

## 8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

**Is RRA used? Yes**

## **9 Review of report**

### **9.1 Peer review**

Data for SBR have been presented to peer review by the specialist connected with woodworking, wood cultivation and forest environment. The report has been considered by and received back with comments from: Riga State Technical School Principal of Kraslava Branch Mrs. Larisa Rukmane, who has extensive experience in wood processing. The reviewer asserts, that she has studied the SBR data and believes that the document comprises versatile information and includes the substantiated information. Based on her experience, she concludes that the this document is profound, impressive and credible.

### **9.2 Public or additional reviews**

Public review has not been initiated.

## 10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Edwards Baranovskis	Chairman of the board	08 Mar 2021
	Name	Title	Date
Report Prepared by:	Josifs Vorslovs	Member of the board	08 Mar 2021
	Name	Title	Date
Report Prepared by:	Aleksandrs Bartkevičs	Member of the board	08 Mar 2021
	Name	Title	Date
Report Prepared by:	Bernards Baranovskis	Member of the board	08 Mar 2021
	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:	Theodore Brauer	N/A	14 May 2021
	Name	Title	Date

# **Annex 1: Detailed findings for Supply Base Evaluation indicators**

N/A