

# SIA NewFuels RSEZ Supply Base Report

[www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)



## Version 1.0 March 2015

*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*

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1 Overview

Name of the producer	SIA NewFuels RSEZ
Address of the producer	Atbrīvošanas Alley 169a, Rezekne LV-4604, Latvia
GPS coordinates	56.537214, 27.344867
Contact person	Ints Timinskis, Tel: 371 64605786, E-mail: ints.timinskis@newfuels.eu
Website of the company	<a href="http://www.newfuels.eu">http://www.newfuels.eu</a>
Report conclusion date	30 December 2015
Audit conclusion venue and date	
Name of the certification body	SIA NEPCon
Translation from English	n/a
Applicable SBP standards	Standard 2 version 1.0 March 2015; Standard 4 version 1.0 March 2015; Standard 5 version 1.0 March 2015;
Standards to be found on	<a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a>
SBP regional risk assessment	Not applicable
Website of the company for communication with SBP	<a href="http://www.newfuels.eu">http://www.newfuels.eu</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
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

SIA New Fuels source feedstock from feedstock originating only from Latvia and slight part from Lithuania.

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, 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, 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, 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 3 347 409 ha is approximately 1,737 million 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% of Lithuania. Forested land consists of about 28 percent, with 2,17 million ha, while land classified as forest corresponds to about 30 % of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 % of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. 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.

According to the ownership forests are divided into: state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha) .

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> 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

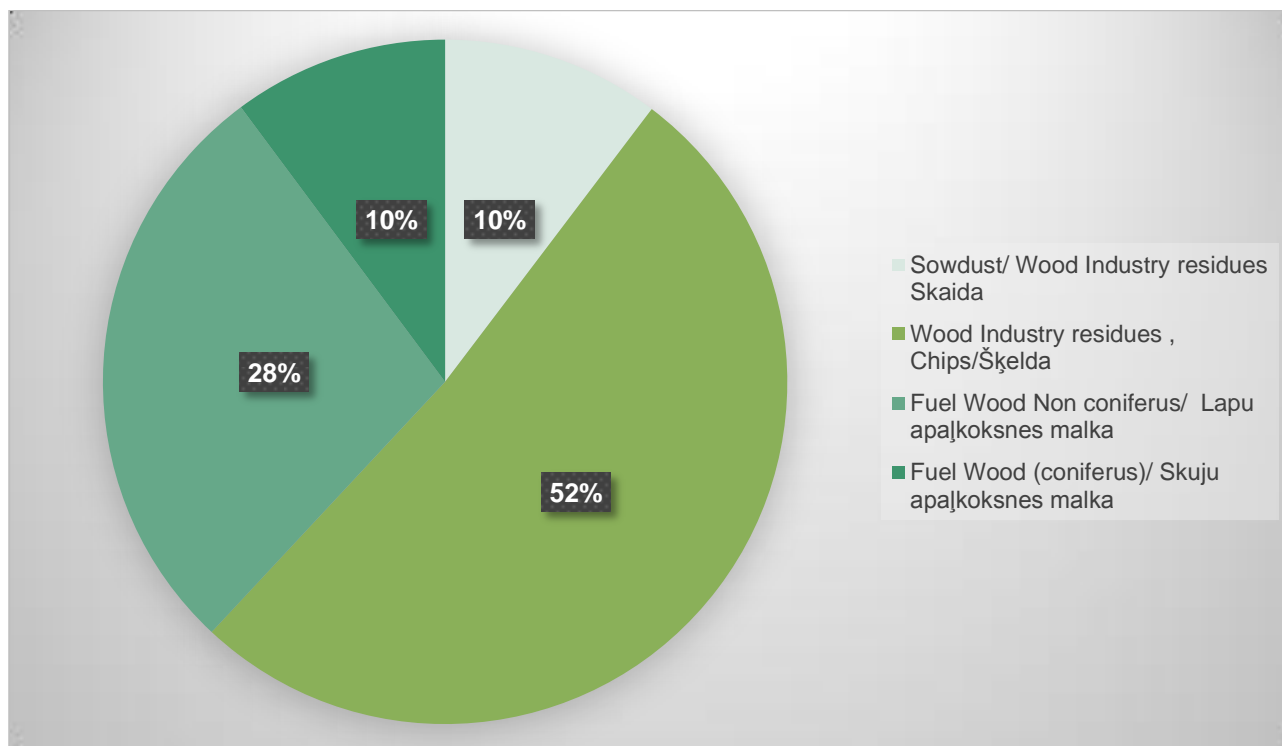
The company concludes long-term procurement contracts with enterprises that have attested their participation in wood chain of custody certification. The objective of the chain of custody system is to provide information on the origin of forest raw materials down from the point of delivery. During previous reporting period the company has bought 28% of FSC certified raw material. During preparation for SBP certification, the company has promoted the purchase of FSC certified and FSC controlled raw material from private forests, Latvian State Forests, local sawmills and that provides the volume increase of FSC certified forest

raw material. The management of the company has also a decision to increase the purchase of FSC certified raw material in 2016 up to 57% by reviewing and initiating the conditions for supply of FSC certified raw material. Thus, all involved companies from the forest management and logging enterprises to woodworking sphere are interested that sustainable forestry methods are attested. The company procures wood for pellet production mainly from woodworking enterprises of Latgale's region, which in turn procure roundwood from the FSC and PEFC-certified forest in Joint Stock company "Latvia's State Forest".

### 2.3 Final harvest sampling programme

The proportion of biomass quantity as primary raw material after final fellings is about 80% compared to quantity of other raw material assortment. The primary raw material has been procured from the Supply Base area and it consists of roundwood/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



#### Wood 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.);

## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area 5,37 milj (ha): Cumulative area of all forest types within SB
- b. Tenure by type (ha): Government 2,68 milj., ha; Privately owned 2.35 milj/ ha; / other 0,28 milj., ha
- c. Forest by type (ha): Boreal- 5,37 million ha,
- d. Forest by management type (ha): Managed Semi- Natural 5,37, milj., ha
- e. Certified forest by scheme (ha): FSC, total certified area 3,94 million ha (FSC) and 1,6 million ha PEFC

### Feedstock

- f. Total volume of Feedstock: 217009,26 tonnes
- g. Volume of primary feedstock: 60480,48
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes
  - Large forest holdings certified to an SBP-approved Forest Management Schemes: ~63%
  - Large forest holdings not certified to an SBP-approved Forest Management Schemes: <1%
  - Small forest holdings certified to an SBP-approved Forest Management Schemes: <1%
  - Small forest holdings not certified to an SBP-approved Forest Management Schemes: 35%
- i. List all species in primary feedstock, including scientific name Species  
 Picea abies (L.) H. Karst.); Pinus sylvestris (L.); Betula pendula (Roth.); Betula pubescens (Ehrh.); Populus tremula (L.); Alnus glutinosa

### Volume of primary feedstock from primary forest

- j. List percentage of primary feedstock from primary forest (i), by the following categories. Subdivide by SBP-approved Forest Management Schemes: **No feedstock from primary forests.**
- k. Primary feedstock from primary forest certified to an SBP-approved Forest Management Schemes: **No feedstock from primary forests.**
- l. Primary feedstock from primary forest not certified to an SBP-approved Forest Management Schemes: **No feedstock from primary forests.**
- m. Volume of secondary feedstock: **SAWDUST and WOOD chips (Sawmill residues)** feedstock as production waste from producers comes from Latvia, Lithuania 134437,23 tonns
- j. **Volume of tertiary feedstock:** There is no use of tertiary feedstock

3 Requirement for a Supply Base Evaluation

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

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.*

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1			
1.1.2			
1.1.3			
1.2.1			
1.3.1			
1.4.1			
1.5.1			
1.6.1			
2.1.1			
2.1.2			
2.1.3			
2.2.1			
2.2.2			
2.2.3			
2.2.4			
2.2.5			
2.2.6			
2.2.7			
2.2.8			
2.2.9			
2.3.1			
2.3.2			
2.3.3			

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.4.1			
2.4.2			
2.4.3			
2.5.1			
2.5.2			
2.6.1			
2.7.1			
2.7.2			
2.7.3			
2.7.4			
2.7.5			
2.8.1			
2.9.1			
2.9.2			
2.10.1			



## Focusing on sustainable sourcing solutions

### 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.*

Indicator	Supplier or Sub-scope	Risk rating after SVP		Mitigation measure taken? (Y, N or N/A)	Risk rating after taking mitigation measure	
		Low	Specified		Specified	Low
Examples						
1.1.2	Company A	X	-	N/A	N/A	N/A
2.2.3	Company A	-	X	Yes	-	X
3.1.1	Company B	-	X	No	X	-

N/A = not applicable

9 Mitigation Measures

9.1 Mitigation measures

*Not applicable.*

9.2 Monitoring and outcomes

*Not applicable.*

10 Detailed Findings for Indicators

*Not applicable.*

## 11 Review of Report

### 11.1 Peer review

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


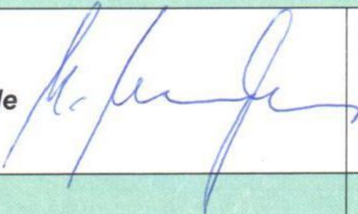
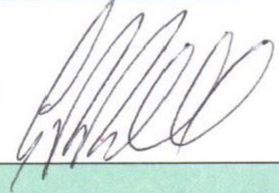
*The report was reviewed and returned with comments were received from:*

*WWF International Director Jānis Rozītis- experience in sustainable forestry practice, assessment*

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

### 11.2 Public or additional reviews

*The public report, examination is not carried out, except in paragraph in the 11.1.*

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Ints Timinskis</i> 	<i>Procurement Director</i>	<i>30.12.2015.</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>
<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:	<i>Matīss Paegle</i> 	<i>Chairman of Board</i>	<i>30.12.2015.</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>
Report approved by:	<i>Graham Bell</i> 	<i>Member of Board</i>	<i>30.12.2015.</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>

13 Updates

No applicable.

13.1 Significant changes in the Supply Base

*Not applicable.*

13.2 Effectiveness of previous mitigation measures

*Not applicable.*

13.3 New risk ratings and mitigation measures

*Not applicable.*

13.4 Actual values of feedstock over the previous 12 months

*310 476,03 tons*

13.5 Projected values of feedstock over the next 12 months

*Up to 480 000 tons*