



Supply Base Report: Baltprom resources

Main (Initial) Audit

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The promise of good biomass



Completed in accordance with the Supply Base Report Template Version 1.5

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

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2 Description of the Supply Base

2.1 General description

Feedstock types: Primary

Includes Supply Base evaluation (SBE): No

Includes REDII: No

Includes REDII SBE: No

Feedstock origin (countries): Latvia, Lithuania

2.2 Description of countries included in the Supply Base

Country: Latvia

Area/Region: All Latvia

Sub-Scope: N/A

Exclusions: No

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 meters.

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%).

Distribution of forests by the dominant species:

- pine 40,3 %;
- spruce 18,1 %;
- birch 26,1 %;
- black alder 3,1 %;
- grey alder 5,1 %;
- aspen 6,0 %;
- oak 0,4 %;
- ash 0,6 %;
- other species 0,3 %

Share of species used in reforestation, by planting area:

- pine 15 %;
- spruce 19 %;
- birch 30 %;
- grey alder 14 %;
- aspen 18 %;
- other species 4 %.

Timber production by types of cuts, by volume produced:

- final cuts 82,3 %;
- thinning 12,2 %;
- sanitary cuts 2,6 %;
- deforestation cuts 1,1 %;
- other types of cuts 1,8 %.

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.

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.

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.

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.

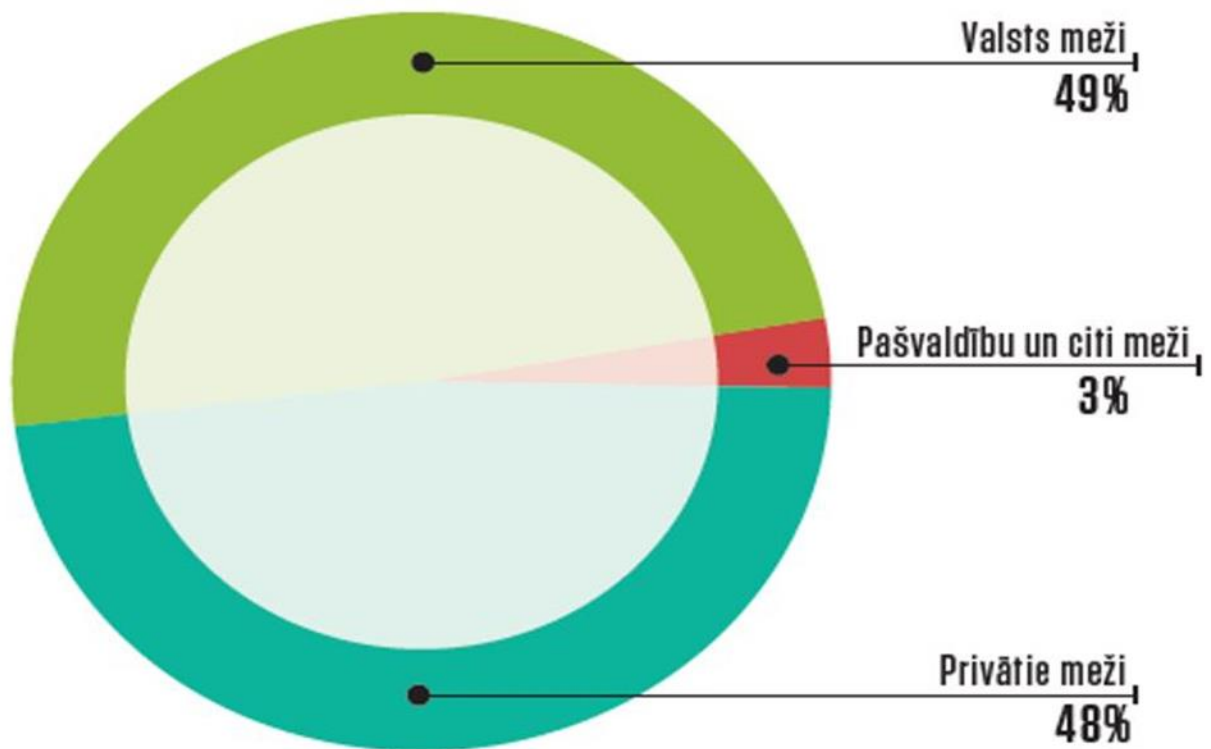
In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and 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.

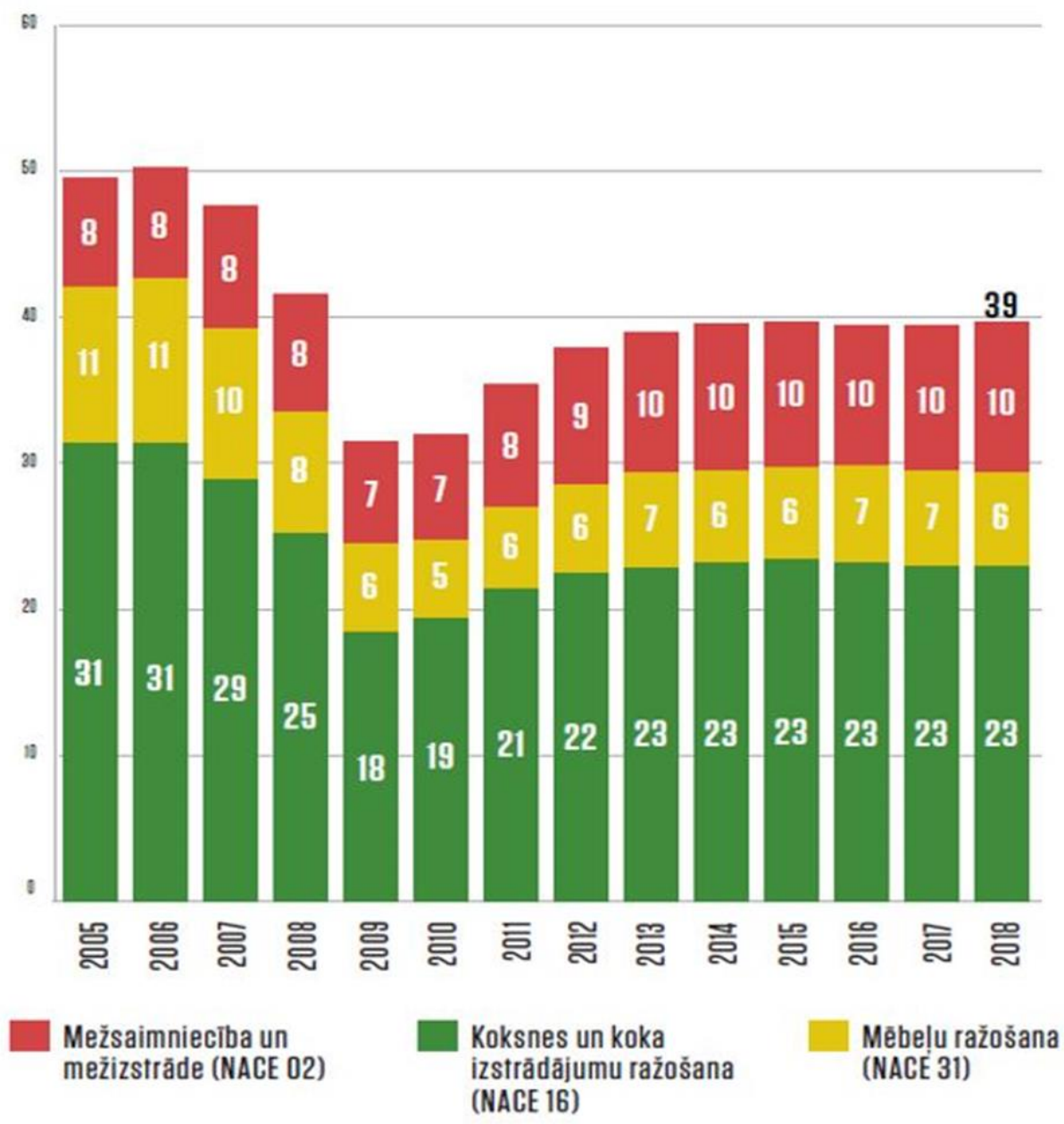
Forest and community

About half of Latvia's forests belong to the state, while most of the others belong to private landowners, the total number of which is about 135 thousand. In Latvia, it will be difficult to find forests that would not be publicly available - almost all people have the right to move freely, pick mushrooms or berries. The number of various recreational objects in Latvia's forests is increasing every year and the territories where recreation is one of the main goals of forest management occupy 8% of the total forest area in the country.



Picture No1 Ownership structure

The forest sector employs about 39,000 people (3.3% of the number of able-bodied people in Latvia), the number of which has not changed significantly over the last 10 years. This type of indicator shows stability and growth in the sector, as financial indicators for the forest sector are growing. It also points to the modernization of the sector, as despite the increase in production volumes, there are no significant changes in the number of employees.

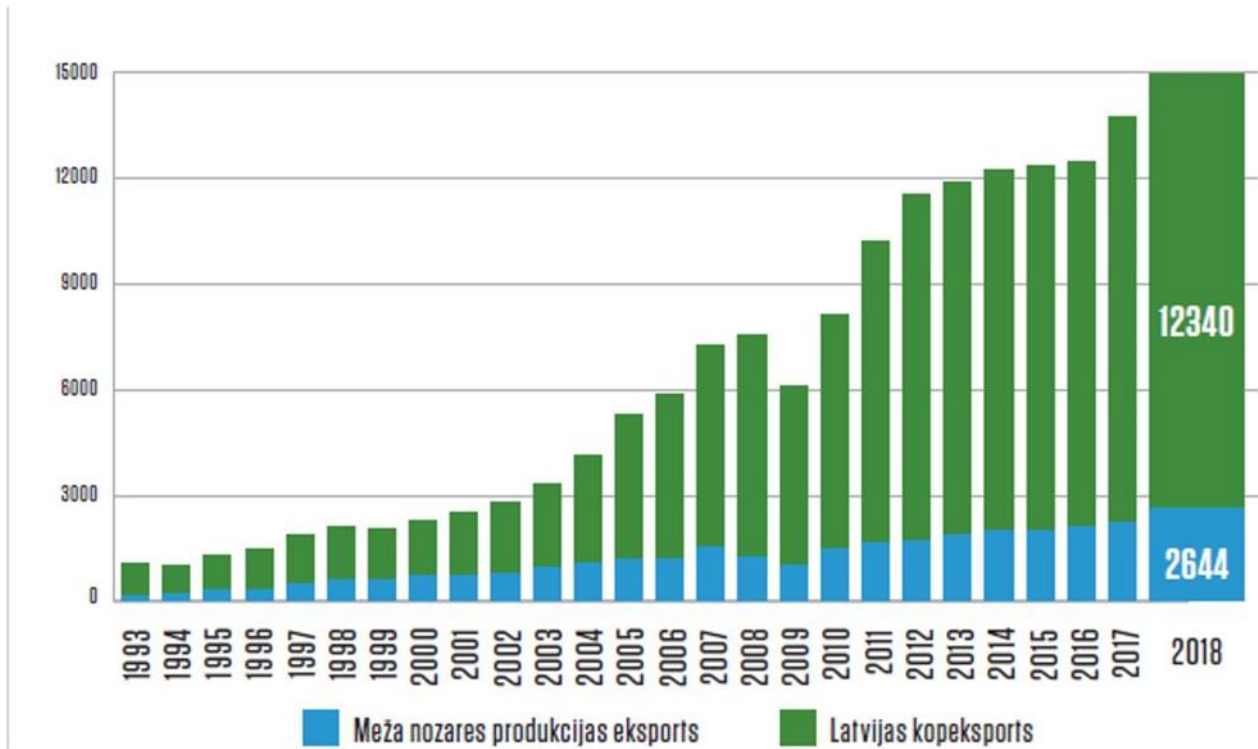


Picture No2 Employees in forest sector

Economic indicators of the forest sector

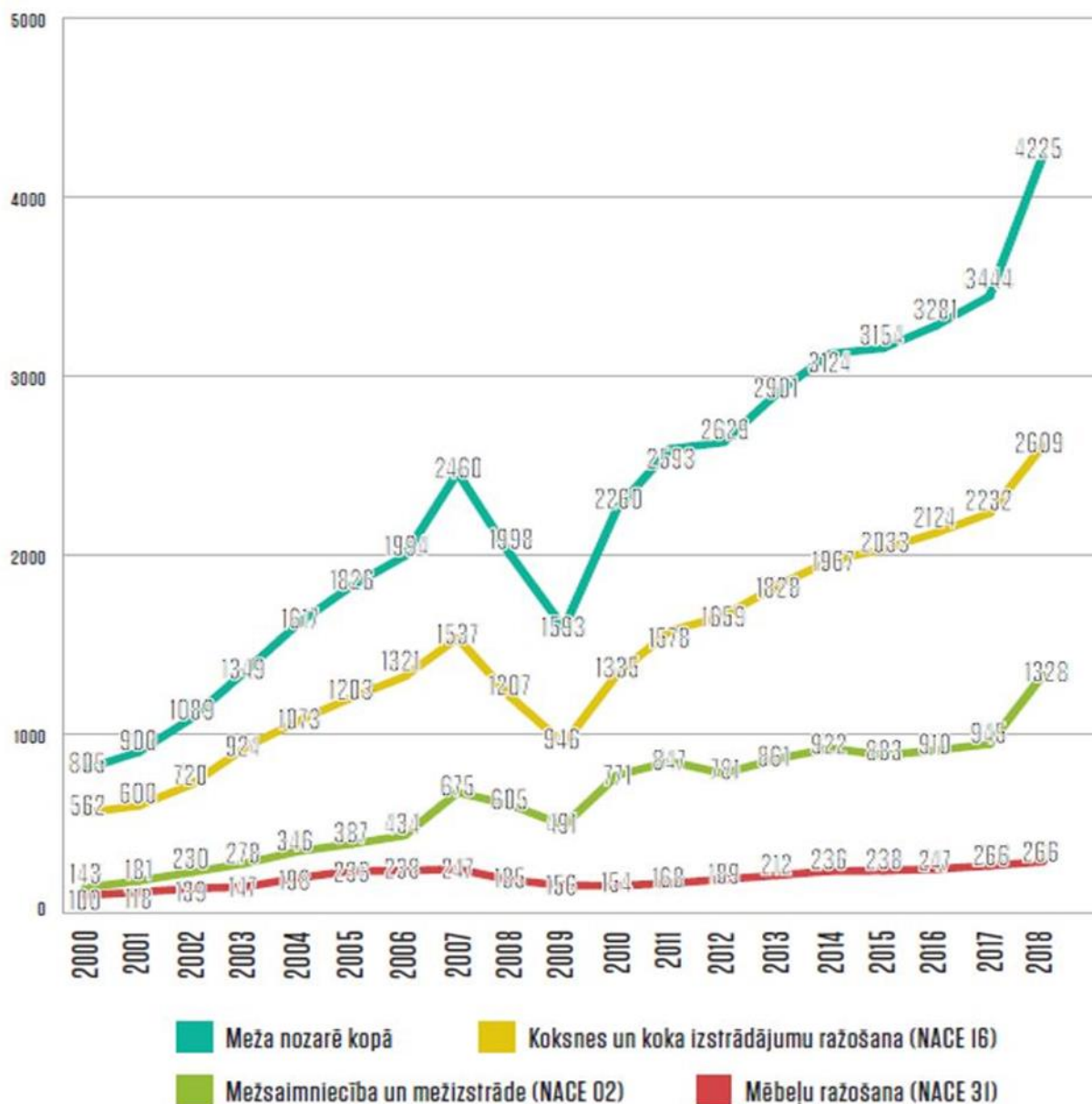
Over the past 30 years, the forest sector has played a significant role in Latvia's export performance. Despite the fact that the percentage of these indicators for the forest sector is decreasing against the background of Latvia's total exports (this is related to the development of other sectors), the total volume of

forest sector production is constantly increasing. In 2018, it makes up 17.6% of Latvia's total exports, which is 2,644 million euros.



Picture No3 Export

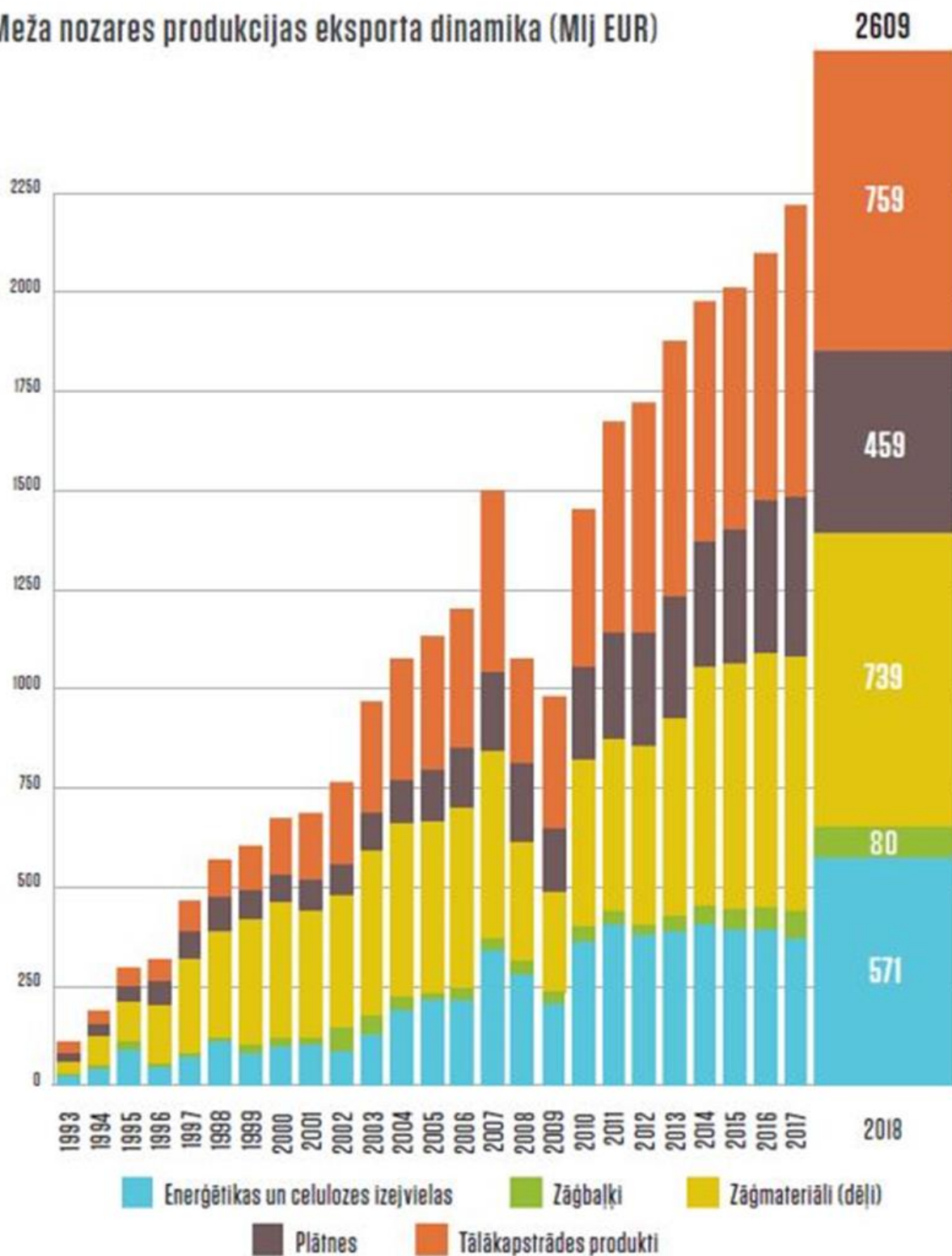
Compared to other forest-related industries, forestry and logging account for 31.4% of the total turnover of the forest sector. Recent years have seen a sharp rise. In the wood and wood products industry, logging volumes are rising accordingly. The furniture industry has seen a modest increase in turnover and stability over the last 15 years.



Picture No4 Forest sector turnover

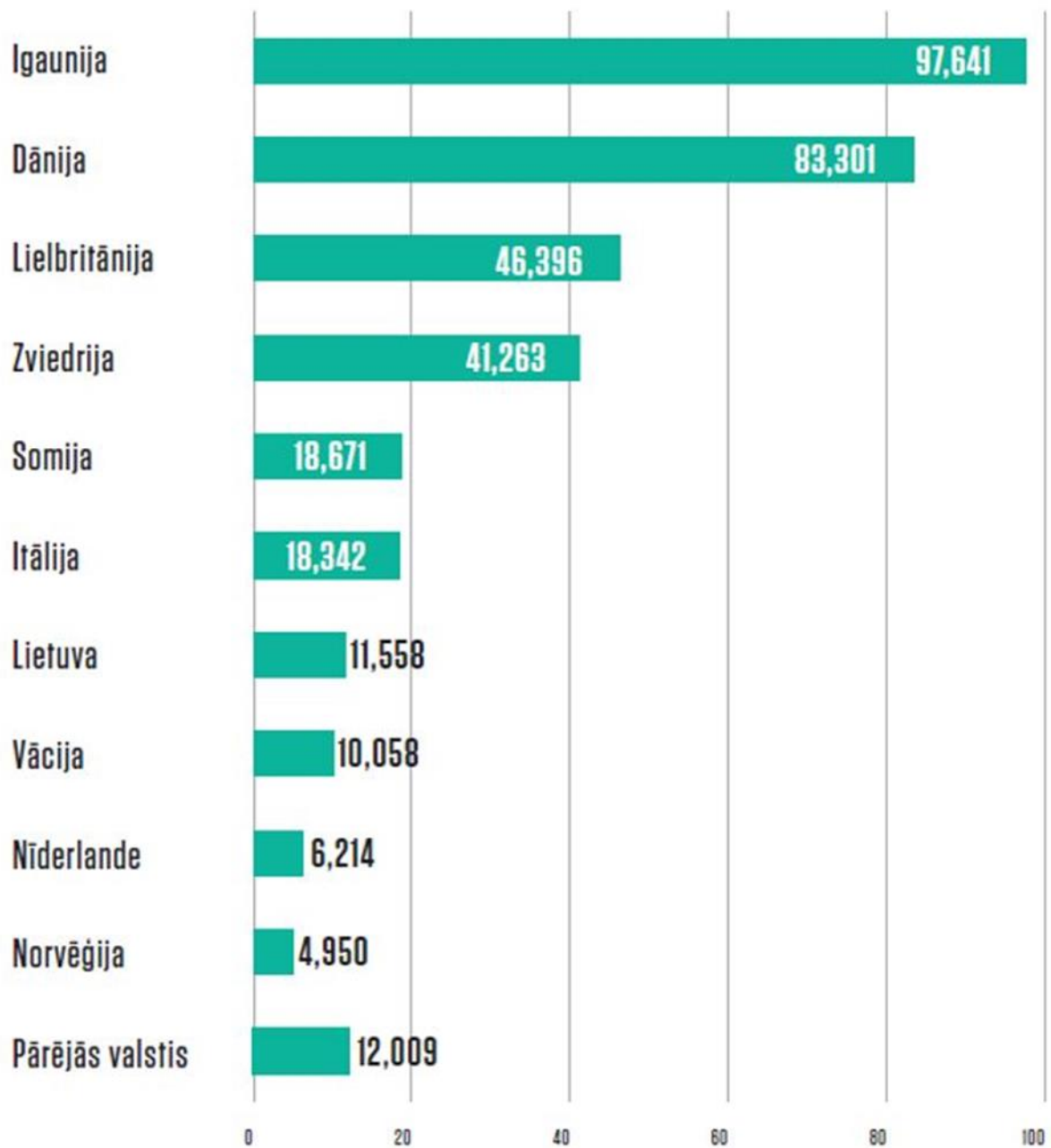
The dynamics of forest sector exports has been steadily rising over the last 30 years. As can be seen, exports of energy and pulp raw materials maintain a stable position among other products such as sawlogs, sawn timber, board materials and further processing products. In 2018, exports of energy and pulp raw materials totaled 571 million euros, which is 21.9% of the total exports of forest products.

Meža nozares produkcijas eksporta dinamika (Mij EUR)



Picture No5 Forest industry product export dynamics

87% of the amount of firewood is sold in 6 countries; Estonia (27.9%), Denmark (23.8%), the United Kingdom (13.2%), Sweden (11.8%), Finland (5.3%) and Italy (5.2%).



Picture No6 Export of firewood

Info:

<https://www.zInfo:>

<https://www.zm.gov.lv/mezi/statiskas-lapas/buklets-meza-nozare-skaitlos-un-faktos-2020-?id=19172#jump>

www.zm.gov.lv

State forest service www.vmd.gov.lv

www.lvm.lv

Country:Lithuania

Area/Region: All Lithuania

Sub-Scope: N/A

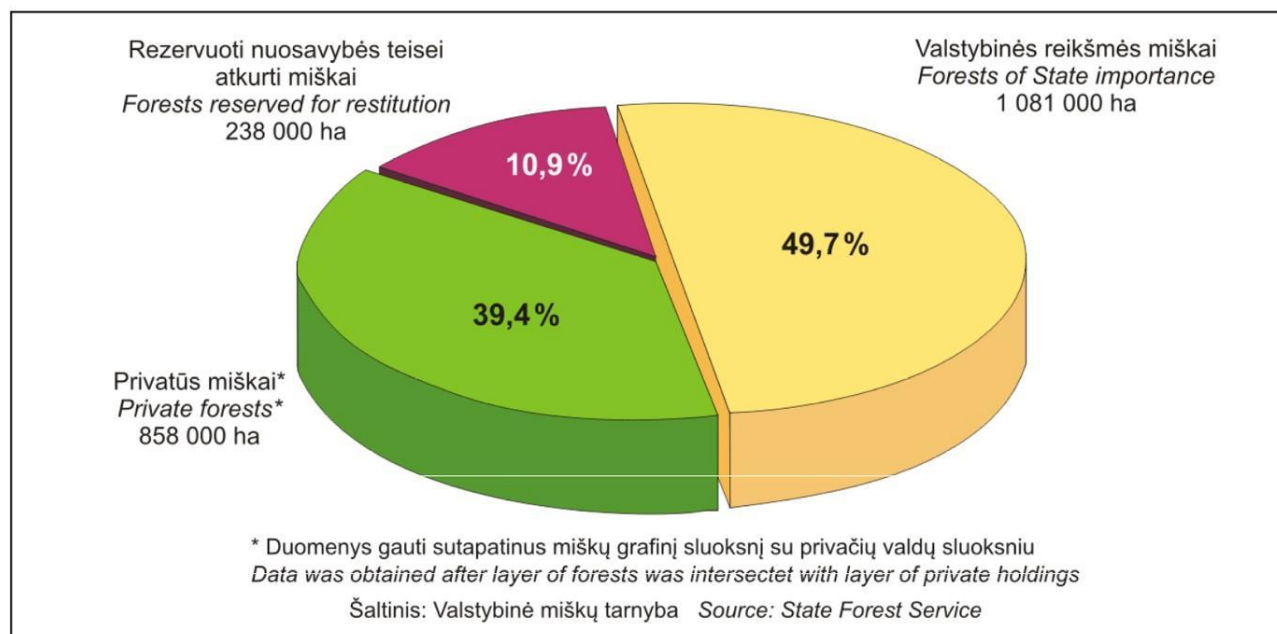
Exclusions: No

Provided information presents characteristics of Lithuanian forest resources up to the 1st January 2020 using data from the latest forest assessment. According the National Forest Inventory data, the total forest land area was 2,200,200 ha, covering 33.7% of the country's territory. Forest land area increased by 154,900 ha corresponding to 2.4% percentage points since the 1st of January 2003. During the same period, forest stands area expanded by 110,800 ha to 2,061,800 ha. Occupying 1,147,400 ha, coniferous stands prevail in Lithuania, covering 55.7% of the forest area. They are followed by softwood deciduous forests (845,700 ha, 41.0%). Hardwood deciduous forests occupy 68,700 ha (3.3%).

The average growing stock volume in all forests since 2003 increased by 38 m³/ha up to 263 m³/ha. The growing stock volume of mature stands in III-IV forest groups has increased from 109.9 to 160.7 million m³ in average 3.0 million m³ per year. The gross annual increment increased from 16.0 to 20.2 million m³ in average and now contain 9.5 m³/ha per year. The average growing stock volume per capita reached 200 m³.

In the table below it can be seen, how forest land is divided by ownership.

FOREST LAND BY OWNERSHIP 01.01.2014



Biological diversity

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.

Areas of Natura 2000 network (without marine areas and territories in protected areas) covered 125,000 ha. It composes 2% of the country's territory. This estimate takes into account the overlap of some Special Protection Areas (SPA) and Proposed Sites for Community Importance (pSCI) areas. 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.

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.

The field of forestry

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

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

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

2.3 Actions taken to promote certification amongst feedstock supplier

By obtaining Primary feedstock from forests and overgrown agricultural areas, the company informs suppliers of its habitat assessment system within the FSC system to preserve high quality forest habitats.

To increase the amount of SBP compliant Secondary feedstock emphasis is on certified deliveries from sawmills. The controlled amount of material is carefully evaluated before it can be marketed as SBP compliant biomass. Sawmills are encouraged to use more certified materials.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 5,24
- b. **Tenure by type (million ha):**2.42 (Privately owned), 2.82 (Public)
- c. **Forest by type (million ha):**5.24 (Boreal)
- d. **Forest by management type (million ha):**5.24 (Managed natural)
- e. **Certified forest by scheme (million ha):**2.50 (FSC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: The company obtains the raw material in places where logging has been carried out (clear cut, selection cut or commercial thinning), as well as by harvesting overgrown agricultural land. In Latvia maximum area of clear cut can be 10 ha, but just in 3 of 23 forest types. In small areas and to avoid soil damage in wet soils hand chainsaws is used for felling operations. For large areas and if the condition of the soil allows the use of heavy machinery harvesters is used for tree felling. Round wood or branches is delivered to the material landing area with a forvarder or an agricultural tractor adapted to forestry work.

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

Explanation: In the supply base region, timber is harvested mainly for the production of timber and timber products. This industry produces a lot of felling residues, which are used in the production of wood chips. However, part of the material is also obtained from the overgrowth of overgrown agricultural land.

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: Restoration of felled forests is regulated by the Forest Regeneration, Reforestation and Plantation Forest Regulations (Cabinet of Ministers No.308 in force from 09.05.2012). The regulations stipulate that felled forest areas must be restored (naturally or artificially) within 5 years from the moment of felling. With the exception of boggy forest types, where restoration must be carried out within 10 years. In Latvia, this process is monitored by the State Forest Service.

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: Every year in Latvia, sanitary felling is carried out in areas damaged by diseases or pests. There is a possibility that material from such locations may be included in the supply chain. In 2020, a total of 50,000 ha of sanitary felling was carried out in Latvia. Such sanitary felling is carried out to avoid diseases or pests epidemics in forest areas.

What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated): N/A N/A

Explanation:N/A

Feedstock

Reporting period from: 01 Jan 2023

Reporting period to: 20 May 2023

- a. **Total volume of Feedstock:** 1-200,000 m³
- b. **Volume of primary feedstock:** 1-200,000 m³
- c. **List percentage of primary feedstock, by the following categories.**
- Certified to an SBP-approved Forest Management Scheme: 80% - 100%
 - Not certified to an SBP-approved Forest Management Scheme: 0%
- d. **List of all the species in primary feedstock, including scientific name:** Picea abies (European spruce); Acer platanoides (Norway maple); Alnus incana (Gray alder); Betula pendula (Silver birch); Fraxinus excelsior (European ash); Pinus sylvestris (Scots pine); Populus tremula (European aspen); Quercus robur (English oak); Alnus glutinosa (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 (%):** 50,00
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 50,00
- 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:** In the industry, the accounting of round timber is controlled in accordance with Cabinet Regulation No. 744 "Regulations on the Accounting of Trees and Round Timber". The timber referred to in these regulations of the Cabinet of Ministers must be measured in accordance with the standard LVS 82: 2020. It describes the principles of surveying and determining the quality of all assortments of round timber used in Latvia.
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 75,00
- 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:** 0 N/A
- Physical form of the feedstock: N/A
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock: N/A
- o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP:** N/AN/A

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	0,00	100,00	0,00	0,00
Secondary	0,00	0,00	0,00	0,00

Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.

Is Supply Base Evaluation (SBE) is completed? No

N/A

Is REDII SBE completed? N/A

N/A

4 Supply Base Evaluation

Note: Annex 2 is generated if RED II is in the scope.

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: Lithuania, Latvia

List of countries and regions included in the SBE:

N/A

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

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? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Raitis Latvelis	Independent Consultant in Timber Certification	26 May 2023
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	Vydas Bilius	Timber trading manager	26 May 2023
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A

Annex 2: Detailed findings for REDII
Section 1. RED II Supply Base Evaluation

N/A

Section 2. RED II detailed findings for secondary and tertiary feedstock

10.1 Verification and monitoring of suppliers

N/A

10.2 Feedstock inspection and classification upon receipt

N/A

10.3 Supplier audit for secondary and tertiary feedstock

N/A