

Public Environmental and Social Data Sheet

Overview

Project Name:	Plywood Production Investment Programme Latvia	
Project Number:	2018-0546	
Country:	Latvia	
Project Description:	Financing the R&D programme of the company, upgrade of production facilities and increase of productivity	
EIA required:	no	
Project included in Carbon Footprint Exercise ¹ :	no	no

Environmental and Social Assessment

Environmental Assessment

- The scope of EIB financing operation specifically concerns the promoter's investments for (i) R&D, (ii) the modernisation and moderate capacity expansion of the integrated birch plywood production facilities Lignums (Riga) and at Verems (Veremu Parish, Rezekne).
- The Research, Development and Innovation (RDI) activities focus on Birch extract chemicals, resin and gluing research and the development of Plywood composites for industry and construction. The work will be carried out within existing R&D facilities in Latvia and, thus, does not involve the construction of new nor the modification of the existing R&D centres nor pilot plants nor other activities that might fall under the EIA Directive 2014/52/EC.
- The industrial sites are geographically separated and located outside of urban areas and are not expected to affect any area of special conservation value (e.g. Natura 2000). The existing plants are operational since 1984 (Lignums) and 1996 (Verems), and have continuously undergone adaptations and modernization cycles to incorporate best available technology. Upgrading and modernization measures foreseen in the project include the adoption of new, Best Available Technologies so as to improve the wood panel plant environmental performance and, in addition, to increase the mill's overall resource efficiency and their capacity, in particular for Verems.
- The project therefore falls under the scope of Annex II of EIA Directive 2014/52/EU (modification of an industrial facility for the production of wood-based board panels) and needs to be subject to a screening assessment by the competent authority for both industrial sites, Verems and Lignums. Both industrial sites are geographically separated and therefore no cumulative environmental nor social are expected among them.
- The current environmental permit was granted under the provisions of the EIA and IED directives in 2016 (Nr.RI14IB0093 for Lignums and Nr.RE12IB0006 for Verems).

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

- The programme comprehends a series of small measures to be implemented over a period of four years. Several measures do not fall under the requirements of national EIA legislation as transposed the EU Directive and have been already included in the revision of the environmental permit for Lignmus.
- According to the national legislation, any substantial changes in production volumes, input materials and related emissions should be notified to the relevant competent authority. Therefore, any measures leading to substantial changes on production volumes and/or emission will be grouped in one application for each plant and notified accordingly for updates if the environmental permit, where applicable.
- In spite of the planned capacity increases, due to their technical characteristics, it is not expected that the modernisation measures planned on the plywood-based panels industries of Lignums and Verems, lead to substantial increases in environmental loads that would lead to a screening-in decision by the competent authorities.

Social Assessment, where applicable

The promoter company is owned by its the employees who are shareholders of the company. The promoter has stringent Occupational, Health and Safety Management System (OHSMS) in place. Due to their activities, they are subject to frequent internal and external audits as well as inspections by the local competent authorities.

Public Consultation and Stakeholder Engagement

See under Environmental Assessment.

Other Environmental and Social Aspects

- All the factories involved in this project have in place ISO 9001 certified quality and ISO 14001 certified Environmental Management Systems. All sites are regularly subjected to energy efficiency audits and follow Energy Efficiency Management systems certified by ISO 50001.

The company has a strong focus on biodiversity and ecosystems conservation. The Promoter uses only Birch wood in its production process. The project shall use wood sourced locally within Latvia and to a lesser extend its neighbouring Baltic EU countries. Part of the wood comes from the promoter's sustainably managed forests (9,000 ha) in Latvia for which FSC forest certification has been achieved and maintained. Most of external wood is procured form the Latvian state forest company which holds PEFC certification for 100% of its assets and FSC certification for 50% of the forests under management.

Through its Management System Policy, the promoter guarantees that the wood supplied is not associated with: illegal activities; violation of human rights; destruction of high conservation value forests; introduction of genetically modified organisms in forestry operations; significant conversion of forests to plantations or non-forest use; violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1998.

Conclusions and Recommendations

The project is considered acceptable for financing by the Bank from environmental and social perspectives subject to the following E&S conditions that are proposed to be included in the financial contract.

- Before the first Disbursement Submit to the Bank the applicable screening decisions, and in the event of a screening-in decision the EIA documents as well as documentary evidence of the associated consultation processes related to the investment in Verems and Lignums.

Undertakings:

- Any biomass supplied to the project should be subject to a transparent, credible chain of custody, while forest management and chain of custody practices in feedstock sourcing areas should be certified by internationally accredited forest certification schemes (e.g. FSC/PEFC) or should be aligned with the same standards and principles so as to be certifiable.
- Exclude sourcing biomass from areas with natural forest conversion and logging from primary forests.

- iv) Comply with the sustainability requirements of the EU regulatory framework, i.e. EU Forest Strategy, EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, EU Timber Regulation (995/2010), LULUCF Regulation (841/2018), as applicable.
- v) Submission to the Bank of the new or modified integrated operation license granted for the production plants at Verems and Lignums under the provisions of EIA 2014/52/EU and IED 2010/75/EC related to the modifications added to the plants within the legal timelines in relation to the start of operation of the new components to be installed.