

Biomass Producer
SIA Klasmann-
Deilmann Bioenergy
Supply Base Report

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

Document history

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1 Overview

Producer name: SIA Klasmann-Deilmann Bioenergy

Producer location: Gustava Zemgala street 76, Riga, LV-1039

Geographic position: 57.194452 N, 26.359881 E

Primary contact: Baiba Druseika, Accountant, tel. +37128396409, Baiba.Druseika@kdbioenergy.com

Company website: <https://klasmann-deilmann.com>

Date report finalised: 10.07.2020.

Close of last CB audit: planned at September 2020

Name of CB: SCS Global Services

Translations from English: Yes LV

SBP Standard(s) used: Standard 1 version 1.0, Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.0,

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

SBP Endorsed Regional Risk Assessment: SBP endorsed Regional Risk assessment for Latvia (September 28, 2017), SBP endorsed Regional Risk assessment for Estonia (April 22, 2016)

Weblink to SBE on Company website: : <https://klasmann-deilmann.com/lv/bioenergy/musu-vertibas/>

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 Klasmann-Deilmann Bioenergy is engaged in producing and trading of wood chips from overgrown agricultural areas, logging residues and sawmill resitues. To ensure SBP compliant biomass supply, the company will focus on marketing FSC-certified biomass, as well as using the timber included in SBP's due diligence system. FSC-certified biomass will mainly come from sawmills. Depending on the location of the company, certified materials may originate in Latvia and Lithuania. Controlled material will be evaluated only from Latvia.

Potential proportion of feedstock:

Controlled Feedstock 39 % (FSC controlled Wood feedstock)

SBP-compliant Primary Feedstock, 42%

SBP-compliant Secondary Feedstock, 19%

SBP-compliant Tertiary Feedstock, 0%

SBP non-compliant Feedstock 0%

Species: *Picea abies* (parastā egle, European spruce), *Pinus sylvestris* (parastā priede, Scots pine), *Betula pendula* (āra bērzs, Silver birch), *Betula pubescens* (Purva bērzs, Downy birch), *Populus tremula* (parastā apse, Aspen), *Alnus incana* (baltalksnis, Grey Alder), *Alnus glutinosa* (melnalksnis, Alder), *Quercus robur* (parastais ozols, Oak), *Fraxinus excelsior* (parastais osis, Ash), *Salix alba* (vītols, White willow), *Larix decidua* (Eiropas lapegle, European larch), *Ulmus glabra* (goba, Wych elm), *Ulmus Laevis* (vīksna, European white elm).

Forest area description

	Latvia	Lithuania		Latvia	Lithuania
Forest area, %	52.00%	33.40%	FSC certified forests, thous. ha	1133	1180
Forest area, thous. ha	3383	2178	PEFC certified forests, thous. ha	1794	0
Private owned, %	51%	36%	Boreal forests, %	0.00%	0.00%
Private owned, thous. ha	1725	784	Boreal forests, thous. ha	0	0
State forests, %	49%	64%	Temperate forests, %	100%	100%
State forests, thous. ha	1658	1394	Temperate forests, thous. ha	3383	2178

Info:

<https://fsc.org/en/page/facts-figures>

<https://www.pefc.org/discover-pefc/facts-and-figures>

LATVIAN forest resources

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 %.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

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012). 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.

Info:

<https://www.zm.gov.lv/valsts-meza-dienests/statiskas-lapas/meza-statistikas-cd?id=720#jump>

www.zm.gov.lv

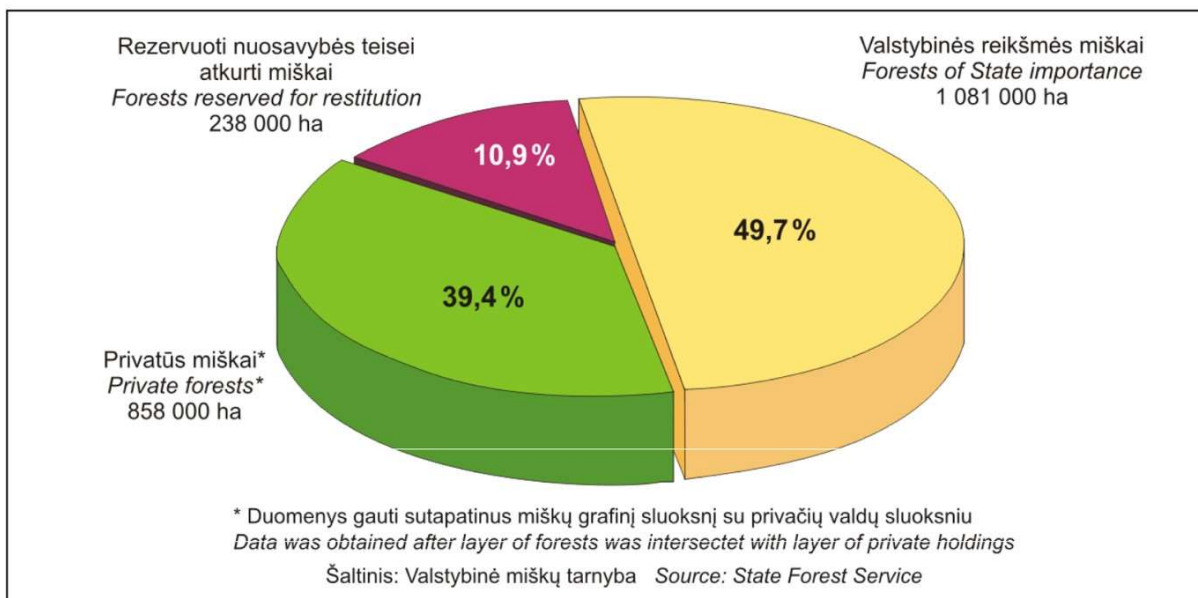
State forest service www.vmd.gov.lv

www.lvm.lv

LITHUANIA forest resources

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2,18 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 percent 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.

FOREST LAND BY OWNERSHIP 01.01.2014



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 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.

Info:

FAO: <http://www.fao.org/3/w3722e/w3722e22.htm>

2.2 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 SBP 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

2.3 Final harvest sampling programme

Feedstock is obtained on well developed, free and open market where competition of other consumers is present. The price-lists of the assortment offered are publically available to all companies in the field of forestry. The price-lists clearly state that saw log (including finishing log) is the most valuable product, whereas wood intended for fuel (for SBP biomass) is significantly less valuable. This information is obtained from publicly available documents and data submitted by suppliers and persons involved in forest sector. Primary feedstock (sold as SBP-compliant) mainly will be obtained in forests in Latvia.

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

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): cumulative area of all forest types within SB 5 561 thous. ha
- b. Tenure by type (ha): privately owned 2 509 thous. ha, / state owned 3 052 thous. ha
- c. Forest by type (ha): boreal 0 thous. ha / temperate 5 561 thous. ha
- d. Forest by management type (ha): managed natural 5 561 thous. ha
- e. Certified forest by scheme (ha): FSC certified forests 2 313 thous. ha, PEFC certified forests 1 794 thous. ha

Feedstock

- f. Total volume of Feedstock: 0 m3 of roundwood, 46 524 loose m3 of wood chips, 10 715 loose m3 of sawdust (last 12 months)
- g. Volume of primary feedstock: 0 m3 of roundwood, 46 524 loose m3 of wood chips
- h. List percentage of primary feedstock (g), by the following categories:
 - Certified to an SBP-approved Forest Management Scheme: 20 110 m3 of FSC 100% material and 4 214 m3 of 100% PEFC Certified material;
 - Not certified to an SBP-approved Forest Management Scheme: 0 m3 of roundwood, 22 200 loose m3 of wood chips.
- i. List all species in primary feedstock, including scientific name *Picea abies* (parastā egle, European spruce), *Pinus sylvestris* (parastā priede, Scots pine), *Betula pendula* (āra bērzs, Silver urch), *Betula pubescens* (Purva bērzs, Downy birch), *Populus tremula* (parastā apse, Aspen), *Alnus incana* (baltalksnis, Grey Alder), *Alnus glutinosa* (melnalksnis, Alder), *Quercus robur* (parastais ozols, Oak), *Fraxinus excelsior* (parastais osis, Ash), *Salix alba* (vītols, White willow), *Larix decidua* (Eiropas lapegle, European larch), *Ulmus glabra* (goba, Wych elm), *Ulmus Laevis* (vīksna, European white elm).
- j. Volume of primary feedstock from primary forest 100%
- 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 52%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme 48%
- l. Volume of secondary feedstock: sawmill residues 10 715 loose m3

3 Requirement for a Supply Base Evaluation

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

SBP Biomass supply evaluation includes:

- **Primary** feedstock (firewood and branch chip after logging)
- **Secondary** feedstock (chips, sawdust after processing in sawmills)
- **Non-forest land** feedstock (overgrown agricultural areas.)

SIA Klasmann-Deilmann Bioenergy defines the biomass received from approved biomass sources and supply as SBP compliant biomass.

The SBP endorsed Regional Risk assessment for Latvia (September 28, 2017) is used.

4 Supply Base Evaluation

4.1 Scope

It refers to primary feedstock supplies from the Latvian forest properties prior to logging, during the logging process or after logging.

It refers to primary feedstock supplies from the Latvian overgrown agricultural land areas, ditches and roadsides.

It refers to secondary raw material after processing round timber such as wood waste (chips).

4.2 Justification

SIA Klasmann-Deilmann Bioenergy is using the SBP endorsed SBP Regional Risk assessment for Latvia (September 28, 2017). This assessment is similar to FSC CNRA for Latvia . SIA Klasmann-Deilmann Bioenergy is FSC CoC certified from July of 2018 and PEFC CoC certified from June of 2018.

Based on SBP risk assessment the Supplier Verification programme was developed to ensure, that all risks have been identified and mitigated, if possible, otherwise it is not included in SBP compliant biomass deliveries.

During consultation with interested parties and through communication with biomass suppliers, additional information related to current "specified risk" and "low risk" indicators has been obtained and mitigation measures used if necessary.

4.3 Results of Risk Assessment

The requirements of Latvian normative acts were included in the risk assessment analysis.

Taking into account the specific character of Latvia and expert advice and recommendations, "specified risk" was applied to work safety requirements in logging operations done by chainsaw operators, bird habitat conservation (HCV category 1), biotope protection (HCV category 3) and cultural and historical sites (HCV category 6) in non-certified forests.

4.4 Results of Supplier Verification Programme

SIA Klasmann-Deilmann Bioenergy FSC due diligence system is adapted to prevent the risks posed by SBP. The biomass included in the due diligence system is SBP compliant.

Purchasing Controlled Material will only accept FSC Controlled Material. Prior to the inclusion of such material in the SBP system, the supplier's FSC Due Diligence System will be assessed for compliance with the SBP requirements. The inspections have resulted in situations where the company implementing the FSC

Due Diligence System is unable to provide sufficient evidence of control of the materials included in the system and the origin of the materials (risks are not sufficiently mitigated). Controlled wood from such companies will not be sold as SBP compliant. As well as from sawmills with such suppliers, such wood will not be included in the SBP scheme.

FSC and PEFC certified material will mainly be purchased from certified sawmills. Before purchasing the material, companies must be inspected to make sure that all FSC certified material used in the sawmill originates from Latvia and Lithuania. Local sawmills in the region are currently being evaluated. There are no problems with the collection of proofs of origin.

4.5 Conclusion

Due to its extensive industry experience, the company has developed successful SBP Supplier Verification programme.

The strengths of the system are:

- Most of the Primary feedstock biomass is controlled directly through SIA Klasman-Deilmann Bioenergy FSC Supplier Verification programme. Company will be sure for compliance SBP compliant status;
- The country of origin of the material required for the realization of SBP compliant material will mainly be Latvia;
- FSC certified Secondary feedstock biomass will be accepted from sawmills;

The weaknesses of the system are:

- Difficulties in coordinating occupational safety audits with sawmill's supplier's loggers;
- Difficulties in conducting field audits to assess high-value forest areas after logging.

5 Supply Base Evaluation Process

For SBP compliant biomass company mostly will use controlled biomass, that is controlled through company's Supplier Verification programme. Controlled biomass, that is controlled through other companies due diligence systems will be strictly evaluated before included in SBP compliant biomass. The company has reduced the controlled material origin region to be included in the system. FSC Controlled Wood biomass from Latvia will be used. FSC certified material will be included mostly from sawmills.

SBE was assisted by a forest certification and wood product supply chain consultant. The consultant successfully utilizes forestry knowledge acquired through bachelor and master degrees in forestry, as well as over 2 years of experience in implementing FSC and PEFC supply chain and forest certification.

6 Stakeholder Consultation

One month before the initial audit of the SBP certification, stakeholders will be informed to provide questions, criticisms, suggestions on the evaluation of SIA Klasmann-Deilmann Bioenergy supply base. The stakeholder list is made up of over 100 members from the economic, social and environmental sectors. This ensures that an SBP certification-compliant and sustainable system is established, taking into account comments from stakeholders.

Responses to comments from interested parties will be provided after their stakeholders have been informed and received.

6.1 Response to stakeholder comments

Comment 1:

Response 1:

Comment 2:

Response 2:

7 Overview of Initial Assessment of Risk

SIA Klasmann-Deilmann Bioenergy is using the SBP endorsed SBP Regional Risk assessment for Latvia (September 28, 2017). These assessments are similar to FSC CNRA for Latvia.

For Latvia "specified risk" was applied to work safety requirements in logging operations done by chainsaw operators, bird habitat conservation (HCV category 1), biotope protection (HCV category 3) and cultural and historical sites (HCV category 6) in non-certified forests.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

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	X		
2.1.2	X		
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			

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1			
2.3.2			
2.3.3			
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	X		
2.9.1			
2.9.2			
2.10.1			

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

1. The company will use the approach of first evaluating the supplier, assessing the risks, and drawing conclusions as to whether SIA Klasmann-Deilmann Bioenergy will be able to obtain and verify the relevant information to ensure that the biomass meets the SBP requirements.
2. For primary feedstock from forest and overgrown agricultural land, the company will use the established SBP Supplier Verification programme. The possibility of purchasing FSC controlled material will be evaluated by first assessing the supplier's FSC Due Diligence System's compliance with SBP requirements.
 - a. The data management system OZOLS (<http://ozols.daba.gov.lv/>) and the Forest Habitats Tool (<http://latbio.lv/MBI/>) are used to identify existing and potentially high value forest habitats.
 - b. The data management system OZOLS (<http://ozols.daba.gov.lv/>) is used to determine the existing high-value meadow and pasture habitats in overgrown non-forest lands. If the database shows HCV, an HCV habitat management plan is required.
 - c. Audits of potential high-value habitats are carried out, including the existence and protection of protected bird habitats and cultural and historical sites.
 - d. If necessary, a certified expert of species and habitat protection is invited (https://www.daba.gov.lv/public/lat/dabas_eksperti/ekspertu_registrs/).
 - e. Occupational safety requirements audits are performed at logging operation sites (use of hand-held chainsaws in logging operations is a specific risk category).
 - f. Information on the origin of the material is collected (supply chain).
3. Before purchasing secondary raw materials from sawmills (sawdust and chips), an assessment of the sawmill must be made.
 - a. Volumes of certified material and regions of origin of the material. Certified material originating in Latvia and Lithuania is accepted.
 - b. Volumes of controlled material and regions of origin of material. FSC controlled material originating in Latvia is accepted.
 - c. Volumes of non - certified and uncontrolled material. Such material from sawmills is not included in the SBP system.
4. To accept primary or secondary FSC controlled material that is controlled by a Supplier or Sub-Supplier's FSC Due Diligence System, the supplier's due diligence system shall first be tested for compliance with necessary requirements.

8.2 Site visits

Field audits will be conducted in Latvia.

1. Compliance with labour protection requirements for logging operations using a hand-held chainsaw will be evaluated. Checks will be carried out to ensure compliance of the logger's employees with Cabinet of Ministers No.310 "Labour Protection Requirements in Forestry" (09.05.2012.)

2. Validation audits of potential high value forest habitats will be performed to ensure that material from high value forest habitats is not included in the SBP system.
3. Audits will be conducted of companies that perform material controls on the FSC Due Diligence System.
4. Sawmills will be evaluated to determine the number of sawmill suppliers (FSC certified, non-certified), the origin of the material, the amount of certified, controlled and non-certified material used.

8.3 Conclusions from the Supplier Verification Programme

Assessing deliveries is a labor-intensive process that requires a lot of human resources, so emphasis should be placed on obtaining certified material from sawmills and on material controlled by SBP Supplier Verification programme of SIA Klasmann-Deilmann Bioenergy.

Controlled material controlled by other companies' FSC Due Diligence Systems must be carefully evaluated before accepting the material in order to guarantee that the biomass meets SBP requirements.

9 Mitigation Measures

9.1 Mitigation measures

1. Occupational safety audits:

Occupational safety requirements are checked in accordance with Cabinet of Ministers Regulations 2012 No.310 "Labour Protection Requirements in Forestry". The purpose of the audits is to achieve a systematic improvement of compliance with occupational safety requirements in the use of hand-held chainsaws in forest operations. A list of loggers who carry out logging operations in forest areas or overgrown areas from which the raw material will be accepted is maintained.

When performing safety audits, the auditor should evaluate each identified non-conformance and classify it as either "major" or "minor".

Major non-compliance -

- the work is performed by a person who is not qualified to perform the specific job;
- the person does not use:
 - safety shoes with a special protective coating for working with a chainsaw;
 - protective trousers with a special lining for work with chainsaw;
 - safety helmet.
- at least two persons within sight or hearing of each other are not employed in work involving the felling of trees with a chainsaw;
- failure to observe minimum danger zone distances - allow persons to be in the danger area (except the helper of the logger);
- danger zones are not marked with safety signs when felling trees;
- the conditions for removing trapped trees are violated;
- tree felling works in protection zones (along power lines, overhead and overhead cable electronic communications lines, railway lines, oil and gas pipelines, motorways and roads in the land strip) are carried out without the consent of the owners of these objects;
- work is performed with a chainsaw that does not operate the chain brake.
- significant oil or fuel leakage from harvesting equipment;
- tractor equipment that is not specially equipped for forest work is used for logging;
- logging works are carried out without the technological map of the felling area.

A non-compliance is classified as "major" if it, alone or in combination with possible future non-compliances, results in a systemic error that prevents compliance with the requirements.

This type of errors:

- Continues over a long period of time;
- Are repetitive, systematic;
- Affects a large number of employees.

Minor non-compliance –

Non-conformities that do not directly endanger the workers, but are a violation of Labor Protection requirements.

The following types of error are classified as “**minor**”:

- it is a temporary error; or
- it is atypical / non-systematic, or
- nonconformity has a narrow impact on processes, personnel, and
- it does not cause a fundamental system error to meet specified requirements.

Deadlines for Requesting Corrective Action:

- An agreed timeframe and, if necessary, a re-audit of the non-conformance with the audited logger shall be agreed.
- Failure by the logger to prevent the non-compliance within the specified timeframe shall be assessed with a view to not cooperating with the logger and not accepting raw materials from areas where the logger performed the work.

2. Identification and protection of high value forest habitats, protected bird habitats and cultural and historical sites:

Latvia

Identification of protected bird habitats is carried out simultaneously with high-quality habitat audits using high-quality forest habitat assessment checklist.

In the case of a forest site with at least one tree 1.3 m in diameter at least 80 cm above the root collar or a tree with large nest with a diameter above 50 cm, a certified ornithologist shall be called in before carrying out the harvesting work to assess the potential bird protection. If the presence of protected bird species in the has been detected then ornithologist impose restrictions on logging operations. The aim is to preserve habitats that are suitable or already contain protected bird species.

The identification of high value forest habitats is carried out using the high value forest habitat assessment checklist, which is based on publicly available expert materials: “How to recognize biologically valuable forest” JSC “Latvijas valsts meži”, 2013 (http://www.lvm.lv/images/lvm/Petijumi_un_publicacijas/LVM_Biomezi.pdf), Identification Guide “European Union Protected Habitats in Latvia 2. Revised Edition” Latvian Nature Background, Riga 2013 (https://daba.gov.lv/upload/File/Publications/ROKASGR_biotopi_EN.pdf) and a leaflet entitled “How to Identify a Biologically Valuable Forest in your Own Property” by the World Wildlife Fund in collaboration with WWF (http://assets.wwflv.panda.org/downloads/biologically_high-conversion_mezgrasses.pdf).

First the data management system OZOLS (<http://ozols.daba.gov.lv/>) is used to identify existing high value forest habitats. If the system does not display existing high value forest habitat in particular forest site, then the Forest Habitats Tool (<http://latbio.lv/MBI/>) are used to identify potentially high value forest habitats. If database displays potential high value forest habitat, then audit is performed using the high value forest habitat assessment checklist.

This check requires information on the area from which the raw material is to be obtained (cadastral number, quarter number and site number of the unit of forest land). If a potential high-value forest habitat is displayed in the database for a particular area, then a field audit is conducted using the high-value forest habitat identification checklist. If auditor get at least 10 points in the checklist, then consideration shall be given to the possibility of recruiting an appropriate expert to provide an assessment of the particular forest area. If the expert notes that a particular forest area does not meet the characteristics of a high value forest habitat, then the wood that will be harvested from this area can be included in the due diligence system and accepted as SBP compliant. If an expert indicates that a forest section meets the characteristics of a high value forest habitat then such forest section will not be used for raw material extraction and will not be included in the due diligence system as controlled wood.

The identification of cultural and historical values is carried out simultaneously with the audits of high-value habitats using the high-value forest habitat assessment checklist. The area is checked for graves, planted alleys of old trees (over 150 years), old manor parks, monuments, etc. cultural and historical object. If they are found, protection is organized to prevent them from being damaged or damaged during logging operations. If necessary, a representative from the National Heritage Board shall be invited.

Material from areas where violations related to high-value forest habitats and cultural values have been identified is not included in the SBP system and is implemented as SBP compliant material.

9.2 Monitoring and outcomes

SIA Klasmann-Deilmann Bioenergy SBP Supplier Verification programme is suitable to mitigate risks and enable primary raw materials to be marketed as SBP compliant. SIA Klasmann-Deilmann Bioenergy Supplier Verification programme includes raw materials obtained from forest areas and overgrown areas of other land categories. Detailed Findings for Indicators.

Currently, sawmills are being tested from which secondary raw material will be obtained. These tests show that obtaining proof of origin of certified material is not problematic. However, evaluating suppliers of FSC-controlled material is difficult. Main problems:

1. In the case of multiple FSC Controlled Wood Suppliers for a single sawmill, establishing a partnership with all suppliers is a problem for further evaluation. As soon as one of the suppliers refuses to cooperate, all controlled material cannot be included in the SBP system.
2. Supplier's FSC Due Diligence Systems do not fully comply with FSC conditions, so such inputs cannot be included in the SBP system. Some maintainers of the FSC Due Diligence System do not comply with all of the FSC requirements to the standard.

10 Detailed Findings of indicators

Detailed findings for each Indicator are given in risk assessment.

The SBP endorsed Regional Risk assessment for Latvia (September 28, 2017) is used.

Risk assessments available: <https://sbp-cert.org/documents/standards-documents/risk-assessments/>

11 Review of Report

11.1 Peer review

This section will be updated after receiving comments, questions and suggestions from stakeholders.

11.2 Public or additional reviews

This section will be updated after receiving comments, questions and suggestions from stakeholders.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Raitis Latvelis</i>	<i>Independent Consultant in Forest Management and Timber Supply Chain Certification</i>	<i>10.07.2020.</i>
	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:	<i>Aldis Jotiks</i> 	<i>Procurist</i>	<i>10.07.2020</i>
	Name	Title	Date

13 1 Updates

This section will be completed after first year of certification.

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

13.1 1.1 Significant changes in the Supply Base

Provide a description of any significant changes to the supply base.

13.2 1.2 Effectiveness of previous mitigation measures

For each mitigation measure identified during the evaluation, give a detailed account of whether the measures were shown to be effective or not.

13.3 1.3 New risk ratings and mitigation measures

Provide an update of risk ratings for all relevant Indicators.

13.4 1.4 Actual figures for feedstock over the previous 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

13.5 1.5 Projected figures for feedstock over the next 12 months

*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 m³ 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 m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³