



Supply Base Report: VIDI WOODS SIA

N/A

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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, Secondary

Includes Supply Base evaluation (SBE): Yes

Includes REDII: Yes

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 occupy 3.435 million ha, which is 53% of the entire country's territory. About half of Latvia's forests belong to the state, while the majority of the rest belong to private land owners, whose total number is about 135 thousand.

Forest areas continue to increase continuously. The growth of forest areas occurs both naturally and by artificial afforestation of barren and unusable lands for agriculture. In the last decade, on average, around 11 million m³ of wood is harvested in Latvian forests. This is less than natural growth, so Latvian forestry can be described as sustainable.

Forest land consists of:

- forests: 3.094 million ha (90.6%);
- marshes: 0.17 million ha (5.0%);
- glades (forest meadows): 0.03 million ha (0.9%)
- flooded territories: 0.018 million ha (0.5%);
- infrastructure facilities: 0.09 million ha (2.6 %).
- other forest lands: 0.019 million ha (0.5%)

Distribution of forests by dominant species:

- Pine: 32%
- Spruce: 19%
- Birch: 30%
- Black alder: 4%
- White oak: 7 %
- Aspen: 7%
- Other species: 1 %

Share of species used in reforestation, by planting area:

Pine: 18 %

- Spruce: 24%
- Birch: 27%
- White oak: 12 %
- Aspen: 14 %
- Other species 5%

Wood harvesting by types of cuttings, distribution by volume produced:

· Final cut: 32.23 %

Thinning : 25.32 %

Sanitary felling: 37.87 %

Illegal logging: 0.09%

Other types of felling 3.48 %

Forestry industry

The forestry sector in Latvia is under the control of the Ministry of Agriculture, which, in cooperation with industry interest groups, develops forest policy, industry development strategy, as well as drafts of forest management, forest resource use, nature protection and hunting regulatory acts.

The State Forestry Service, which is under the supervision of the Ministry of Agriculture, controls the fulfillment of the regulatory requirements in forest management contained in the laws of Latvia and the regulations of the Cabinet of Ministers, regardless of the type of property.

State-owned forests are managed by JSC "Latvijas valsts meži", established in 1999. The company implements the interests of the state, ensuring the preservation and increase of the value of the forest, as well as increasing the contribution of the forest sector to the national economy.

Biological diversity

Historically, the extensive use of Latvian forests for economic purposes started relatively later than in many other European countries, so Latvia has preserved greater biological diversity. 658 specially protected natural areas have been created for the preservation of natural values. A part of these territories is included in the unified network of protected territories of European significance, Natura 2000. Most of the protected territories are owned by the state.

In order to ensure the protection of a specially protected species or habitat outside specially protected natural areas, if one of the functional zones does not provide it, micro-reserves are created. According to the information of the State Forest Service, in 2015 the total area of micro-reserves is 40,595 ha. Identification of biologically valuable forest stands and identification and planning of protection measures are ongoing.

On the other hand, in order to preserve biological diversity in the process of forest management, general nature protection requirements have been developed that apply to all forest managers. They stipulate that the oldest and largest trees, dead wood, understory trees and shrubs, as well as stands around small depressions should be preserved during logging operations, contributing to the preservation of the habitats of many organisms.

Latvia has signed the CITES convention (Convention on International Trade in Endangered Species of Wild Animals and Plants) in 1997. CITES requirements are observed in forest management, although there are no CITES-listed species in Latvia.

Forest and society

About half of Latvia's forests belong to the state, while the majority of the rest belong to the owners of private lands, the total number of which is about 135 thousand. In Latvia, it will be difficult to find forests that are not publicly accessible - people have the right to move freely, pick mushrooms or berries in almost all of them. Every year, the number of various recreational facilities in Latvian forests increases, and the areas where recreation is one of the main goals of forest management occupy 8% of the total forest area in the country.

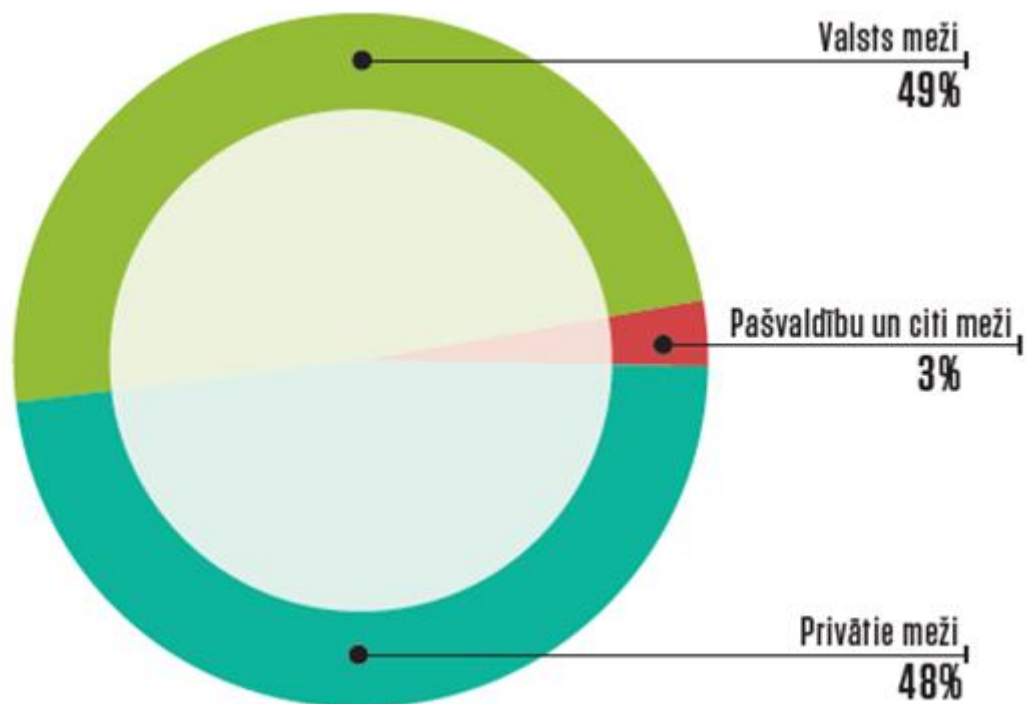


Figure 1. Ownership structure

The forest sector employs around 39,000 people (3.3% of the number of able-bodied people in Latvia), whose number has not changed significantly in the last 10 years. These types of indicators indicate stability and growth in the industry, as financial indicators for the forest sector are increasing. It also indicates the modernization of the industry, because despite the fact that production volumes are increasing, there are no significant changes in the number of employees.

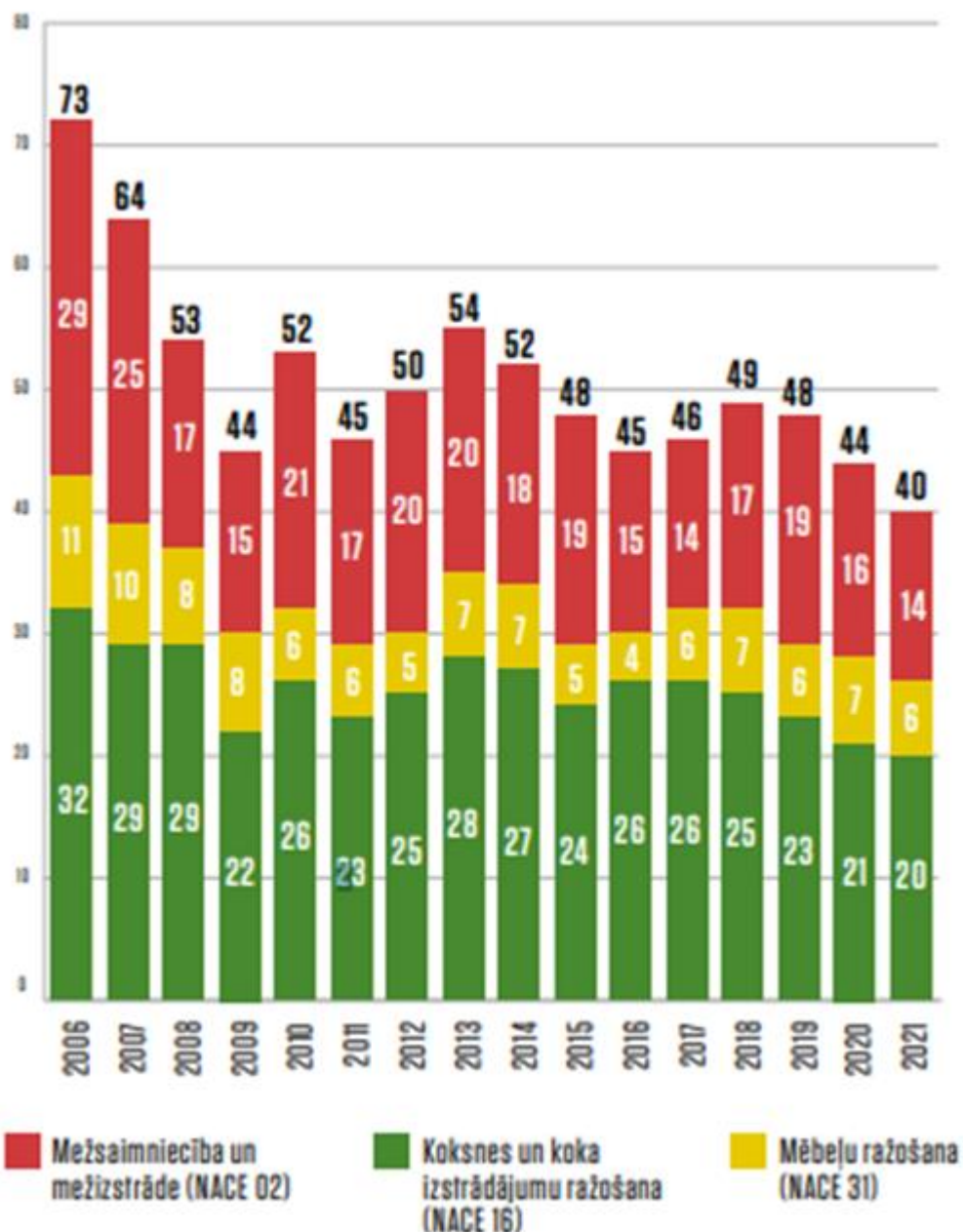


Figure No.2. Number of employees in the forest sector

Economic indicators of the forest sector

During the last 30 years, the forest sector has played a significant role in Latvia's export indicators. Despite the fact that these indicators for the forest sector are decreasing in percentage terms against the background of Latvia's total export (this is related to the development of other sectors), the total volume of production of the forest sector is constantly increasing. In 2021, it amounts to 18.1% of Latvia's total export, which is 3,633 million euros.

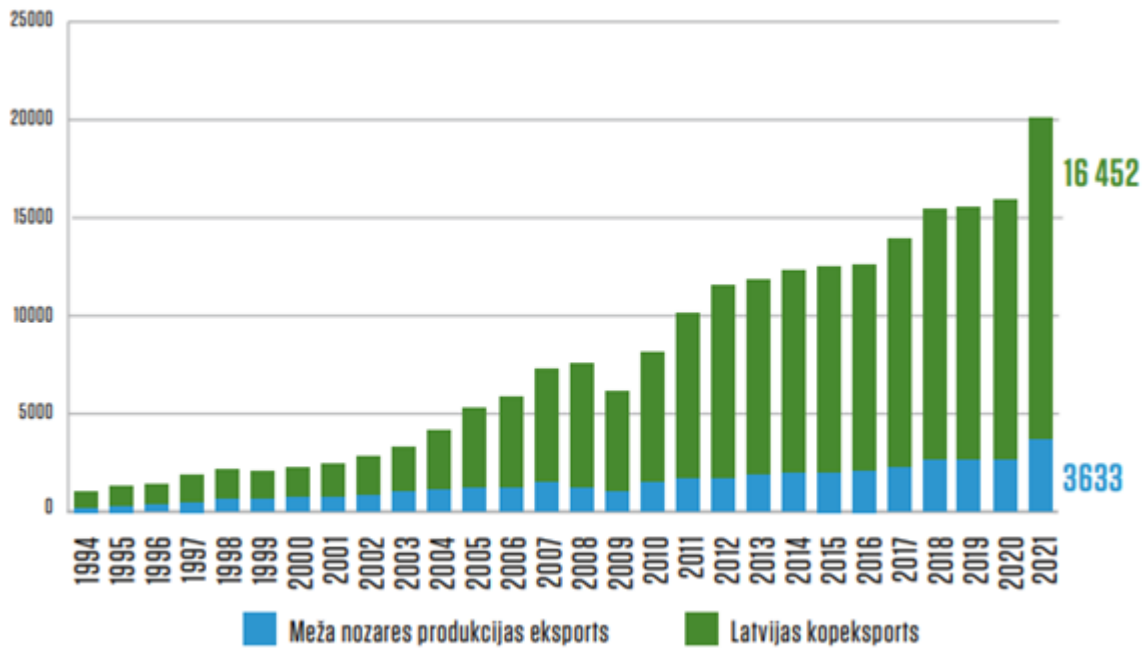


Figure No. 3. Eksport

Compared to other forest-related sectors, forestry and logging make up 29.2% of the total turnover of the Forest sector. There has been a rapid rise in recent years. In the wood and wood products manufacturing sector, the volumes of logging are also rising accordingly. The furniture manufacturing industry has seen a moderate increase in turnover and stability over the past 15 years.

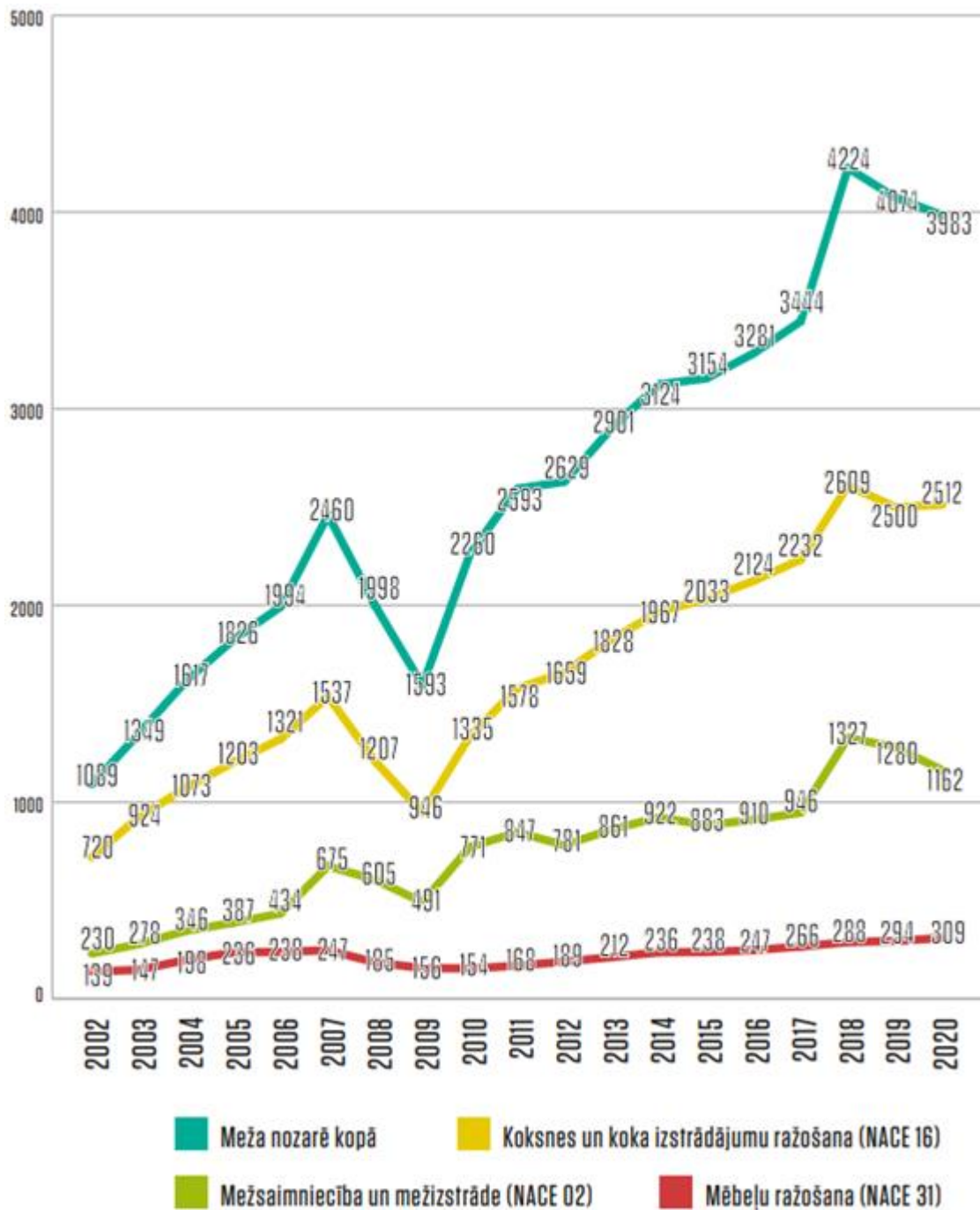


Figure No. 4. Eksport

In the export dynamics of the forest industry, a stable increase in indicators has been observed for the last 30 years. As can be seen, the export of energy and cellulose raw materials maintains a stable position among other products such as saw logs, lumber, board materials and further processing products. In 2020, the export of energy and pulp raw materials totaled 675 million euros, which is 18.6% of the total export of forest industry products.

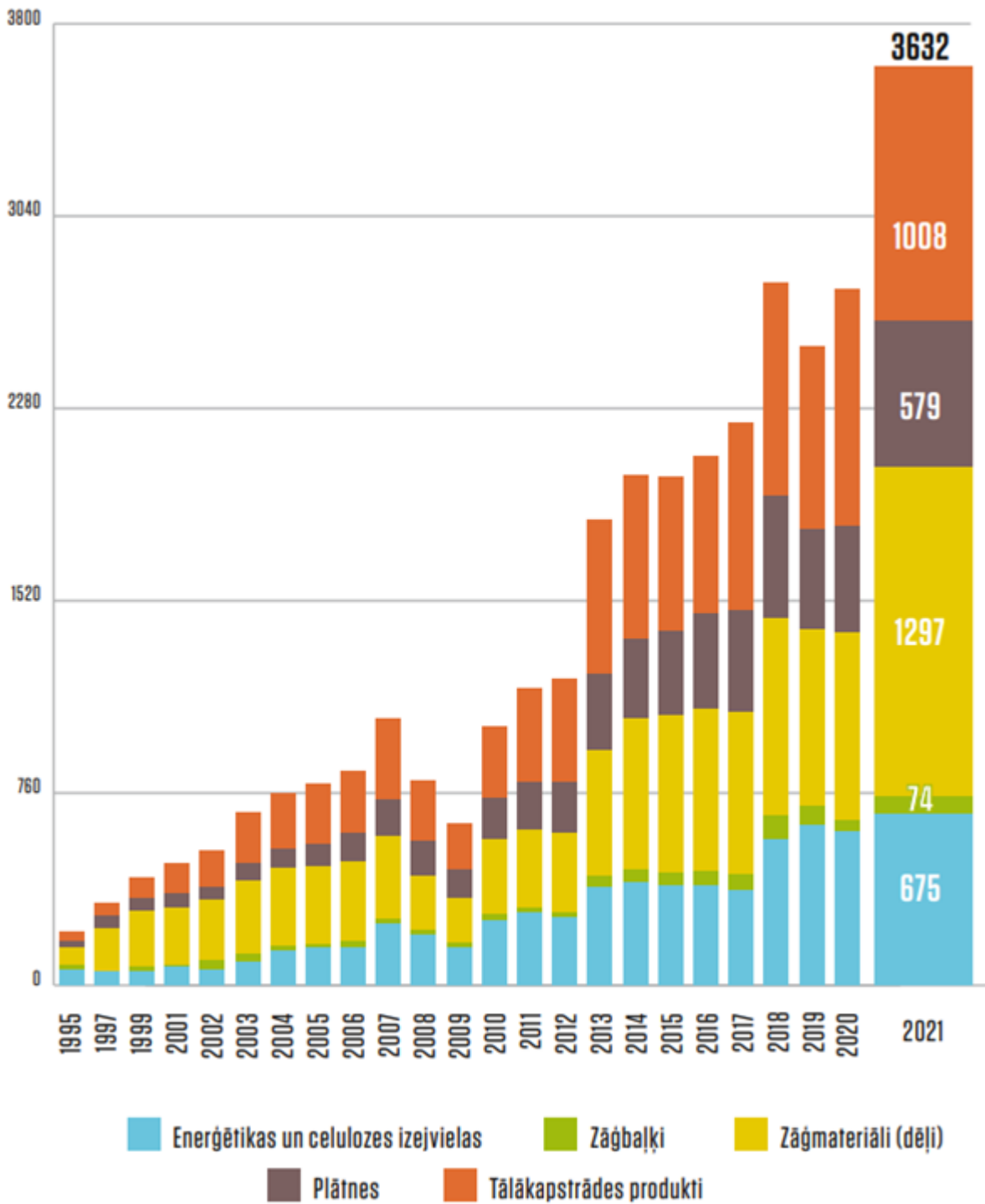


Figure No. 5. Forest industry export dynamics

77% of the volume of firewood is sold to 3 countries; United Kingdom (48.5%), Denmark (20.9%) and Sweden (7.5%).

Meža nozares galveno eksporta produktu noieta tirgus sadalījums pa valstīm Kurināmā koksne (milj. EUR), 2021

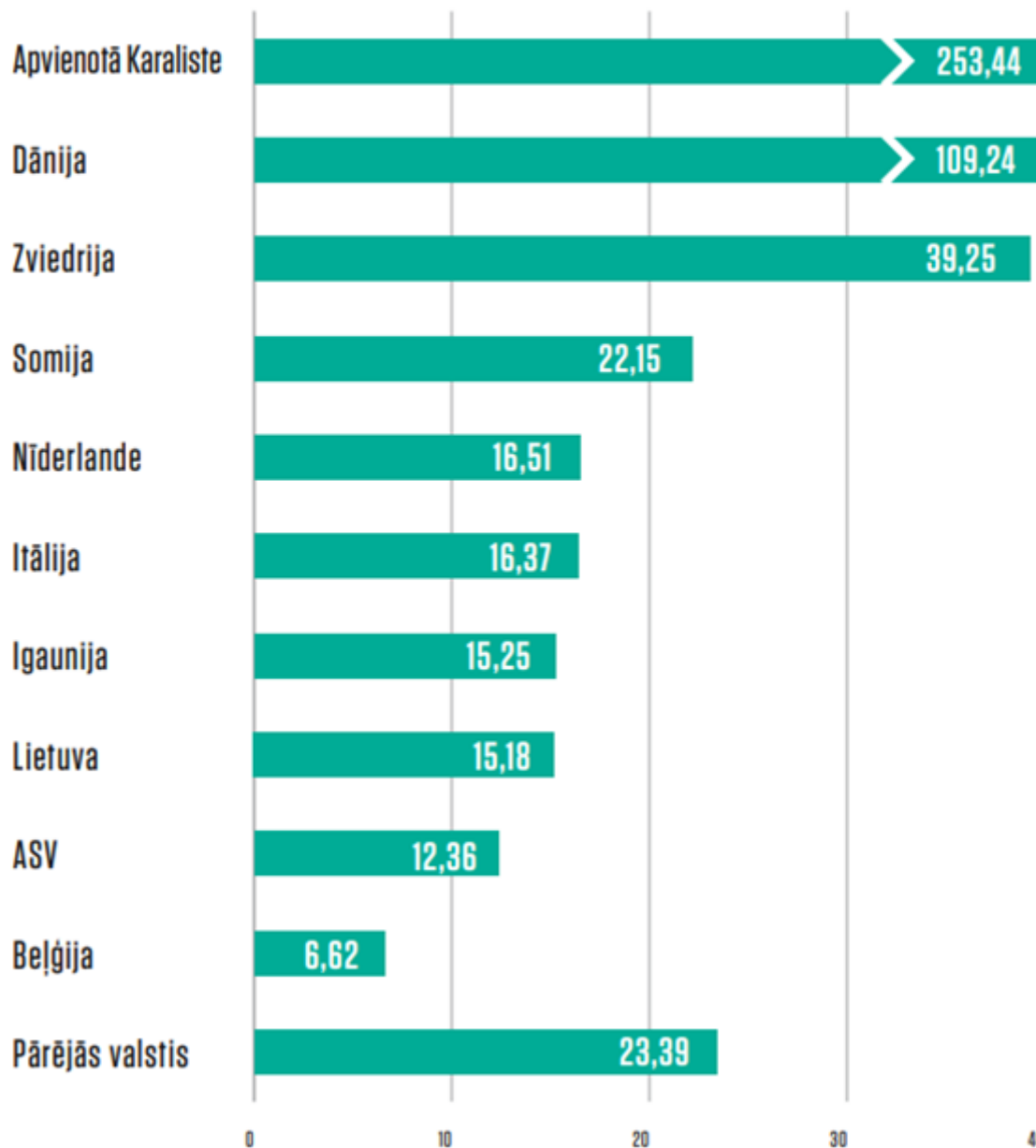


Figure No. 6. Export of energy wood

Emergency situation in spruce stands

In connection with the rapid growth of the spruce eight-toothed bark beetle (*Ips typographus*) population, the Latvian government declared an emergency situation in spruce forests in the period from April 1 to June 30. Restrictions on economic activity have been established in the territory of the state of emergency, which provides for a ban on felling trees in the protection zones of valuable spruce stands. It is also determined that pheromone traps should be placed in suitable conifer clearings. "LVMI "Silava" is monitoring the situation in Latvia related to the flight activity of the bark beetle, and from the obtained data it can be seen that the active flight has started on April 20 this year. The collected data is alarming - compared to 2022,

the number of beetles caught in traps is twice as high, but on May 15 it was already 10 times higher than the previous year.

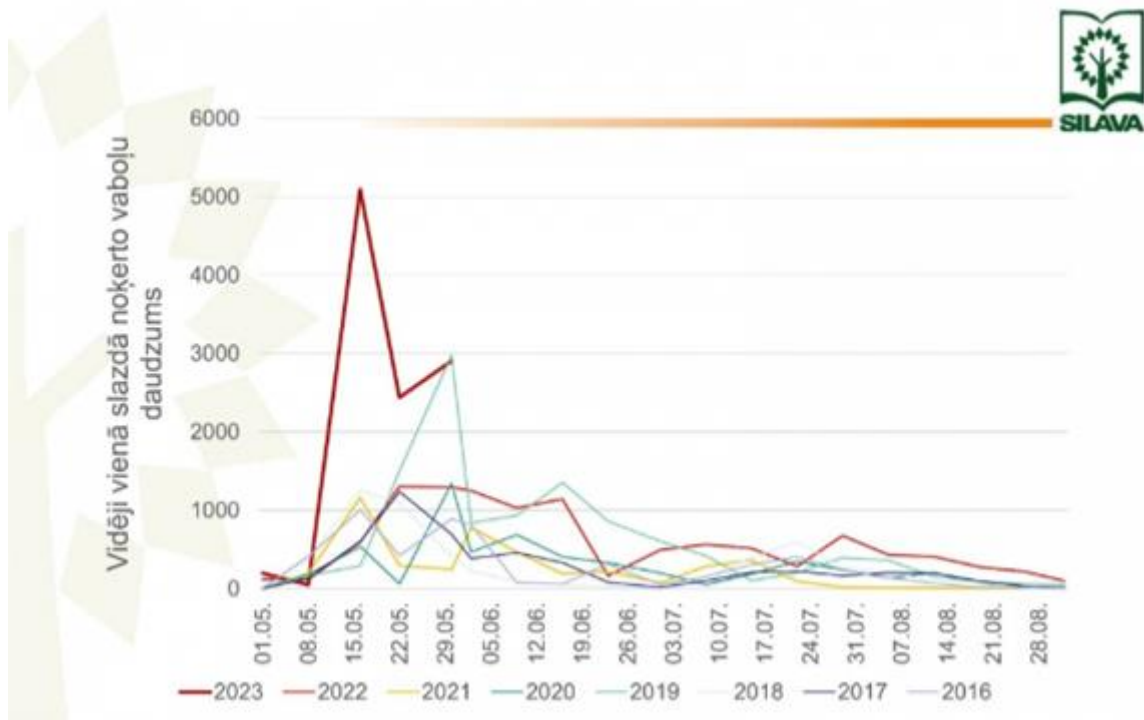


Figure No. 7. Average number of beetles caught in one trap

The state of emergency was declared in 230 parishes of 32 counties of the Vidzeme, Kurzeme, Zemgale and Latgale regions from April 1 to June 30, 2023. During this period, economic activity restrictions and protective measures were determined in the valuable spruce forests and their protection zones, which were identified in cooperation with the experts of the State Forestry Service (VMD) and the Latvian State Forestry Institute "Silava" (LVMI "Silava") and others involved.

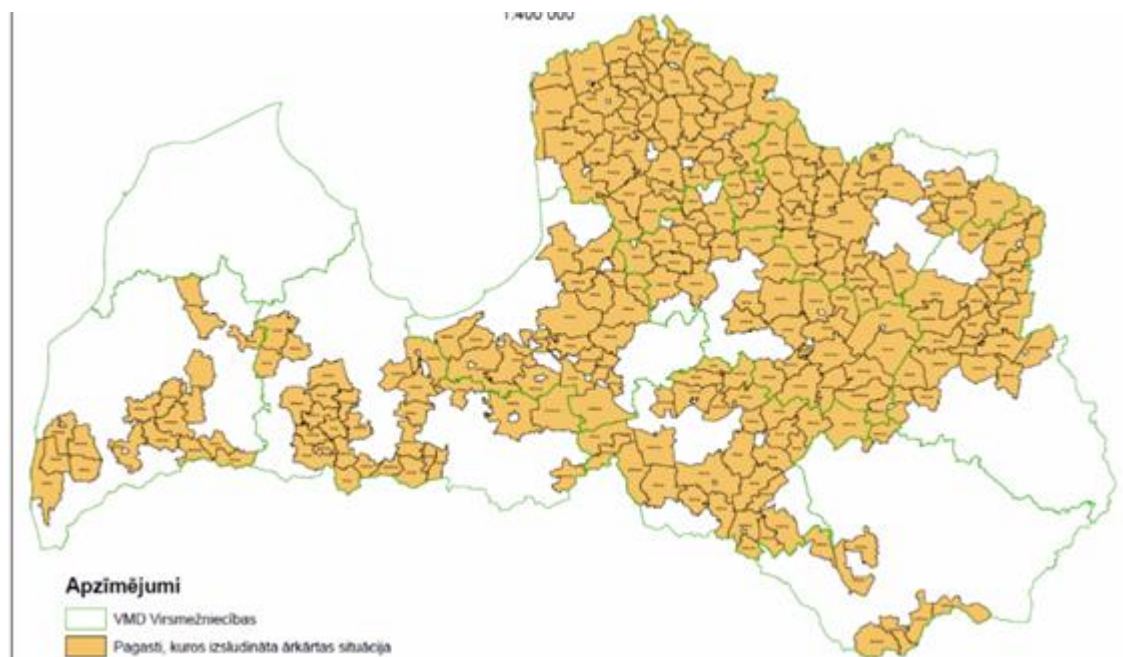


Figure No. 8. Parishes in which a state of emergency has been declared

According to the data of the State Register of Forests, cutting of trees has been suspended for the period of the emergency situation in 12,700 cuttings with a total area of 23,690 ha, of which JSC "Latvijas Valsts meži" has 4,353 cuttings in an area of 11,440 ha. The State Forestry Service carries out supervision so that no felling of trees is carried out in the suspended fellings, except when fresh spruces infested by the pest are found.

Since the beginning of this year, VMD has issued 970 sanitary opinions on an area of 1103 ha in connection with bark beetle damage, which is 3/4 of all sanitary opinions. A little more than half of the area to be felled is in the state forests, but the forests of the other owners are not far behind. In the final reading, the Saeima supported the urgently recognized amendments to the Forest Law (effective from July 1 this year), which provides that the Ministry of Forestry has the right to set restrictions for combating the spread of pests without declaring a state of emergency.

Information: <https://www.zm.gov.lv/mezi/statiskas-lapas/buklets-meza-nozare-skaitlos-un-faktos-2020?id=19172#jump> The Ministry of Agriculture www.zm.gov.lv State Forest Service www.vmd.gov.lv JSC Latvian State Forest www.lvm.lv Latvian Rural Consultation and Education Center L www.llkc.lv LVMI "Silava"

Country:Lithuania

Area/Region: All Lithuania

Sub-Scope: N/A

Exclusions: No

In Lithuania forest cover is 33.1% of the entire land area. The volume of forest cultivation in 2019 is 553,000,000 m³. By ownership, forest land is divided into 50.3% state forests, 40.6% private forests and 9.2% reserved for restoration.

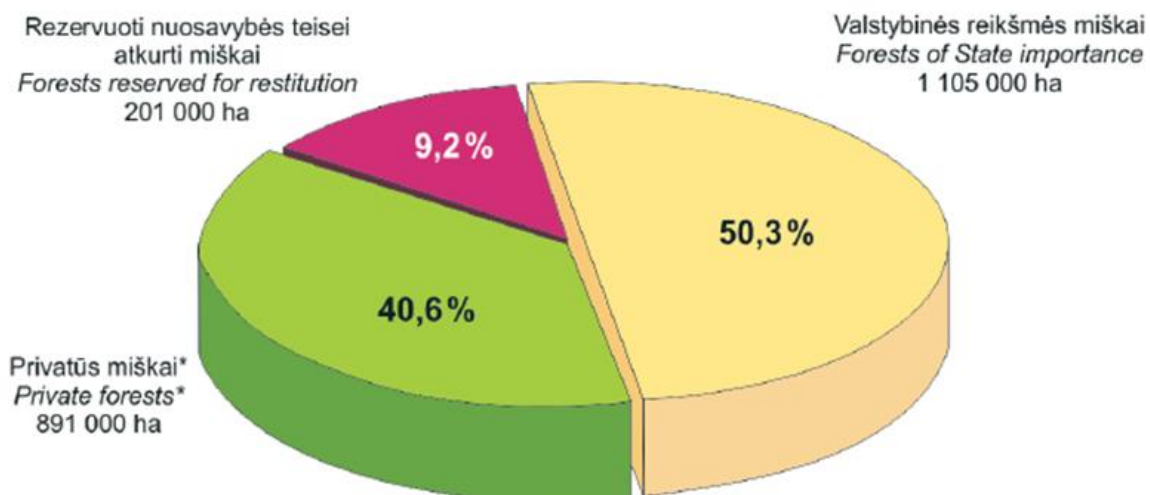
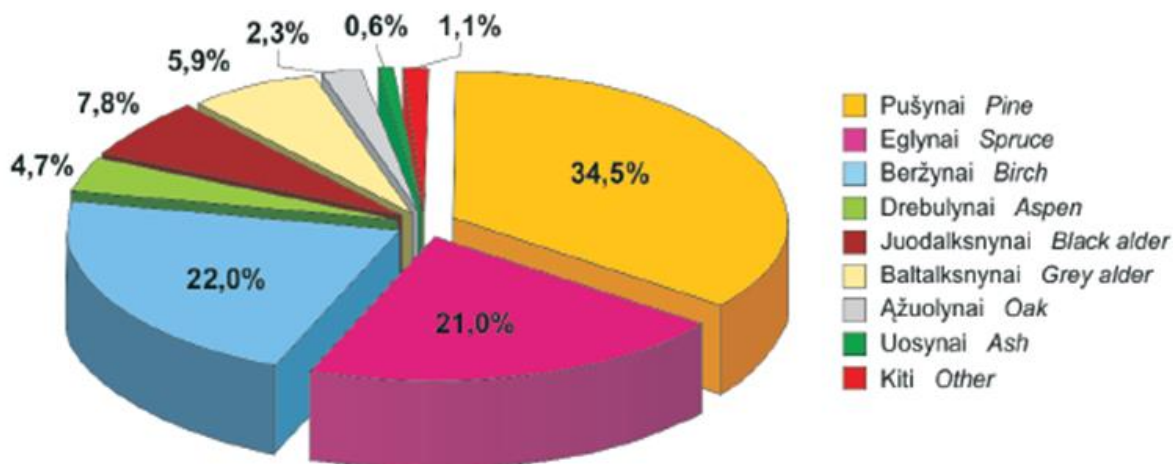


Figure No. 1. Forest land by ownership

Lithuania is located in a mixed forest belt with a high percentage of broadleaf (44.5%) and mixed conifer-broadleaf stands (55.5%). Most forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common type of forest, occupying about 34.5% of the forest area. Spruce and birch account for approximately 21% and 20%, respectively. Alder forests make up about 13.7% of the forest area, which is quite a large part of the total forests, and it indicates the amount of moisture in the places. Oak and ash are each found in about 3% of the forest area. Aspen groves occupy almost 5%.



Šaltinis: Valstybinė miškų taryba (SMI) Source: State Forest Service (SFI)

Figure No.2. Forest area by dominant tree species.

The largest land area in Lithuania is occupied by agricultural land (52.2%) and forest land (33.1%). Agriculture and forestry is one of the largest economic sectors in Lithuania. The southeastern part of the country is the most forested, and here forests occupy about 45% of the land.

Land category	ha	%
Agricultural land	3404800	52.2
Forest land	2158900	33.1
Shrubs	195800	3.0
Roads	105400	1.6
Urban area	239100	3.7
Water	265900	4.1
Marshes	94500	1.4

Other type of land	64200	1.0
All together	6528600	100.0

In order to preserve valuable natural values and biological diversity in Lithuania, 73.9% of all forest areas are intended for economic activities only (included in group IV). Forests are divided into four categories. Group no. I, II and III are intended for the complete or partial protection of forest areas. All types of felling are prohibited in the reserve areas. Clearcutting is prohibited in national parks, but maintenance and sanitary cutting is permitted. In protected forests, clear-cutting is allowed with certain restrictions; and also grooming and sanitary cuttings. In commercial forests, there are almost no specific restrictions on deforestation.

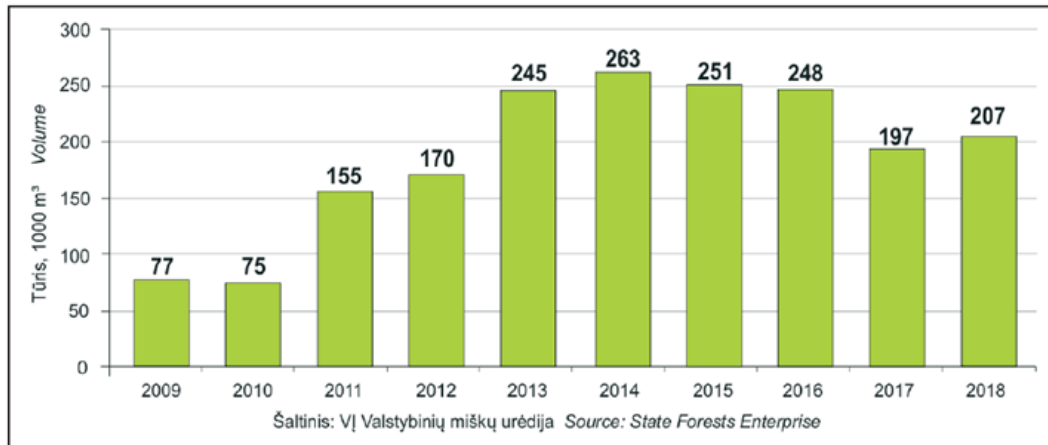
Land category	ha	%
Group I – Forest reservation	25337	1.2
Group II – Special use forests	260335	11.8
Group III – Protected forests	288156	13.1
Group IV – Commercial forests	1623289	73.9

Lithuania has signed the CITES convention since 2001. Forest management complies with CITES requirements, although no species are included in the CITES list in Lithuania. The total forest stock is 553 million m³. During the last 20 years, forest stocks have increased by approximately 200 million m³. The annual gross growth of forest stands is on average about 20.4 million m³ and reaches 9.6 m³ / ha per year. By 2010, the amount of logging in Lithuania was increased to approximately 7 million cubic meters per year. It is maintained at the same level in subsequent years. In 2018, for the first time in 20 years, annual deforestation in state forests is lower than deforestation in private forests.

Logging volumes by ownership

During logging, a significant amount of cutting residues is generated, which, if economically justified, is sold as energy wood. In 2018, this volume in state forests is 207,000 m³. In recent years, it reached the largest volume in 2014, when 263,000 m³ were sold.

SALES OF FOREST FELLING RESIDUES IN STATE FORESTS, 2009-2018



Realization of forest residues in state forests

A total of more than 66,000 people work in the Lithuanian forest and wood industry sector. In total, approximately 10,300 people work in the forestry and logging sectors. In recent years, the number of people employed in these industries has slightly decreased, thanks to the modernization of the industry and the replacement of workers by forest machinery. A similar trend can be observed in the woodworking industry, employment is decreasing due to the modernization of the industry. The number of employees has increased in the paper and furniture industry. The industry's overall employment rate has not changed.

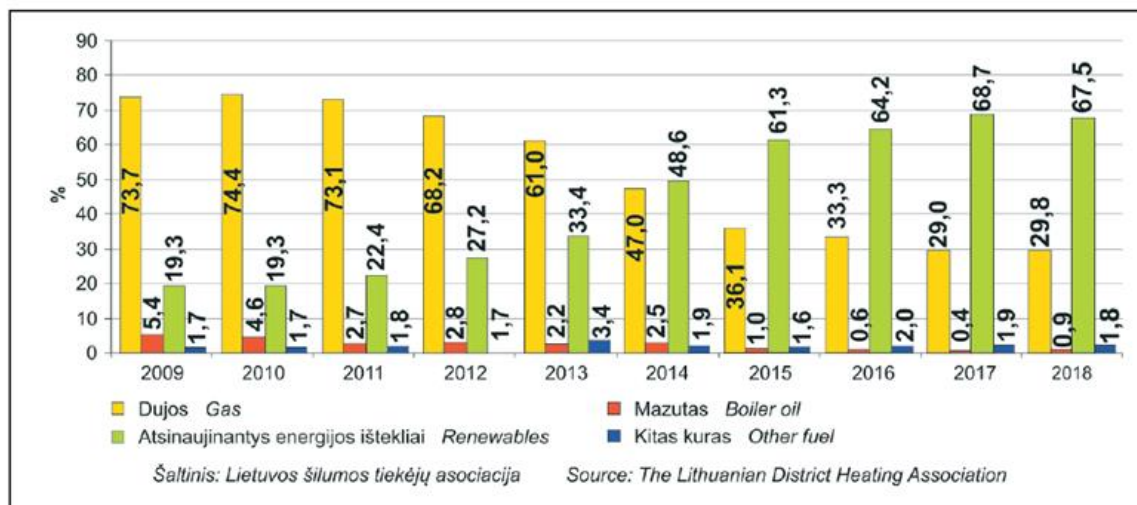
NUMBER OF PERSONS EMPLOYED IN ENTERPRISES, 2015–2018

Metai Year	Miškininkystė ir medienos ruošą <i>Forestry and logging</i>			Medienos bei medienos ir kamštienos gaminių ir kita gamyba <i>Manufacture of wood and of products of wood and cork and other manufacture</i>			Popieriaus ir popieriaus gaminių gamyba <i>Manufacture of paper and paper products</i>			Baldų gamyba <i>Manufacture of furniture</i>		
	Iš viso Total	Vyrai Males	Moterys Females	Iš viso Total	Vyrai Males	Moterys Females	Iš viso Total	Vyrai Males	Moterys Females	Iš viso Total	Vyrai Males	Moterys Females
2015	11 852	9 720	2 132	22 886	17 147	5 739	4 255	2 401	1 854	27 724	16 618	11 106
2016	11 478	9 329	2 149	22 889	17 154	5 735	4 609	2 632	1 977	28 596	16 916	11 680
2017	11 000	8 886	2 114	21 456	16 019	5 437	4 960	2 821	2 139	29 365	17 251	12 114
2018	10 344	8 347	1 997	20 809	15 505	5 304	5 245	2 995	2 250	29 984	17 413	12 571

Šaltinis: Statistikos departamentas
Source: Statistics Lithuania

The chart below shows how the type of fuel has changed over the last 10 years from mainly fossil fuels to renewable energy. The use of gas for heating has decreased by more than 50%, while the use of renewable resources for heating has tripled. Renewable resources include wood chips, biogas, liquid biofuels, hydropower, geothermal energy, wind energy, solar energy, waste heat. Wood chips make up 80% of the resources used for heat energy.

THE STRUCTURE OF FUEL USED FOR HEAT GENERATION IN DH* ENTERPRISES IN 2009-2018



* Centralizuoto šilumos tiekimo
District heating

Info:

<http://www.amvmt.lt/index.php/leidiniai/misku-ukio-statistika/2019>

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): 5.22
- b. Tenure by type (million ha):2.44 (Privately owned), 2.78 (Public)
- c. Forest by type (million ha):5.22 (Boreal)
- d. Forest by management type (million ha):5.22 (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: 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 forwarder 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 - Majority

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

Explanation:N/A

Feedstock

Reporting period from: 01 Mar 2024

Reporting period to: 15 May 2024

- 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: 0%
 - Not certified to an SBP-approved Forest Management Scheme: 80% - 100%
- d. **List of all the species in primary feedstock, including scientific name:** Picea abies (Spruce); Pinus sylvestris (Pine); Betula pendula (Birch); Populus tremula (Aspen);
- 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 (%):
- 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
- i. **Specify the local regulations or industry standards that define saw logs:** N/A
- 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:** 20000 m3
- 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: 0%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 80% - 100%
- m. **Volume of secondary feedstock:** 1-200,000 m3
 - Physical form of the feedstock: Chips
- n. **Volume of tertiary feedstock:** 0 N/A
 - Physical form of the feedstock:
- o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP:** 10000.00m3

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	100.00	0.00	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? Yes

SBP Biomass supply evaluation includes:

- **Primary** feedstock (firewood and branch chip after logging)
- **Non-forest land** feedstock (overgrown agricultural areas)
- **Secondary** feedstock (sawmill production residues)

SIA VIDI WOODS 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.

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:

SBP-endorsed Regional Risk Assessments used: 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:

This risk was determined to be high in Latvia because no data were available on part of high-value forest areas. HCV monitoring has been performed in Latvia and HCV areas are displayed in the data management system "OZOLS". There is a risk that these areas are not yet protected by law, so cutting licenses may be legally obtained for felling operations.

Also there can be found new protected bird species nests, that is not recognized and registered in data base "OZOLS". There is a risk that the favorable environment at the sites of protected birds will be disturbed and destroyed by logging actions.

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:

This risk was determined to be high in Latvia because no data were available on part of high-value forest areas. HCV monitoring has been performed in Latvia and HCV areas are displayed in the data management system "OZOLS". There is a risk that these areas are not yet protected by law, so cutting licenses may be legally obtained for felling operations.

Also there can be found new sites of cultural and historical value, that is not recognized and registered in data base "OZOLS". Data base <https://karte.mantojums.lv> contains registered cultural and historical sites and protection zone around them. There is a risk that the sites of cultural and historical will be destroyed by logging actions.

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:

In the Latvian region, there are shortcomings in the safety requirements in the logging process, which is carried out with chainsaws. Cases of violations of occupational safety regulations in logging and accidents often occur.

4.2 Justification

SIA VIDİ WOODS is using the SBP endorsed SBP Regional Risk assessment for Latvia (September 28, 2017).

This assessment is similar to FSC CNRA for Latvia. SIA WIDI WOODS is FSC CoC certified from November of

2015 and maintains Due Diligence system for FSC controlled material.

Based on these SBP and FSC risk assessments 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 and Supplier Verification Programme

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.

SIA VIDİ WOODS 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.

4.4 Conclusion

Due to its extensive industry experience, the company has developed successful FSC due diligence system and adapted it to meet SBP requirements.

The strengths of the system are:

- Most of the Primary feedstock biomass is controlled directly through SIA VIDI WOODS FSC due diligence system, so company will be sure for compliance SBP compliant status;
- The country of origin of the material required for the realization of SBP compliant material is Latvia;
- FSC controlled Secondary feedstock biomass origin is verified and accepted only if it comes from Latvia.

The weaknesses of the system are:

- Difficulties in coordinating occupational safety audits with sawmill's supplier's loggers.

5 Supply Base Evaluation process

SBE was done based on SIA VIDI WOODS FSC system's scope, including strong side of the system to ensure

compliance with SBP compliant biomass.

For SBP compliant biomass company mostly will use controlled biomass, that is controlled through companies' due diligence system. 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.

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 6 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 VIDI WOODS supply base. The stakeholder list is

made of 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.

There are currently no comments on the evaluation of SIA VIDI WOODS supply base.

6.1 Response to stakeholder comments

7 Mitigation measures

7.1 Mitigation measures

Country:

Latvia

Specified risk indicator:

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:

This risk was determined to be high in Latvia because no data were available on part of high-value forest areas. HCV monitoring has been performed in Latvia and HCV areas are displayed in the data management system "OZOLS". There is a risk that these areas are not yet protected by law, so cutting licenses may be legally obtained for felling operations.

Also there can be found new protected bird species nests, that is not recognized and registered in data base "OZOLS". There is a risk that the favorable environment at the sites of protected birds will be disturbed and destroyed by logging actions.

Mitigation measure:

Identification of protected bird habitats is carried out by using data base "OZOLS" and with field audits using "High Value Element Identification checklist".

In the case of a forest site with life habitat of protected bird species, 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 invited 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 by using data base OZOLS (<http://ozols.daba.gov.lv/>). 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 the system does not display existing or potential high value forest habitat in particular forest site, then timber from this place will not be included in the due diligence system as controlled wood.

The identification of cultural and historical values is carried out by using data base "karte.mantojums.lv" and with field audits using "High Value Element Identification 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 to give evaluation and recommendations.

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:

This risk was determined to be high in Latvia because no data were available on part of high-value forest areas. HCV monitoring has been performed in Latvia and HCV areas are displayed in the data management system "OZOLS". There is a risk that these areas are not yet protected by law, so cutting licenses may be legally obtained for felling operations.

Also there can be found new sites of cultural and historical value, that is not recognized and registered in data base "OZOLS". Data base <https://karte.mantojums.lv> contains registered cultural and historical sites and protection zone around them. There is a risk that the sites of cultural and historical will be destroyed by logging actions.

Mitigation measure:

Identification of protected bird habitats is carried out by using data base "OZOLS" and with field audits using "High Value Element Identification checklist".

In the case of a forest site with life habitat of protected bird species, 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 invited 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.

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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:

In the Latvian region, there are shortcomings in the safety requirements in the logging process, which is carried out with chainsaws. Cases of violations of occupational safety regulations in logging and accidents often occur.

Mitigation measure:

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:
 - o safety shoes with a special protective coating for working with a chainsaw;
 - o protective trousers with a special lining for work with chainsaw;
 - o 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.

7.2 Monitoring and outcomes

SIA VIDİ WOODS FSC due diligence system is customized and suitable to mitigate risks and enable primary raw

materials to be marketed as SBP compliant. SIA VIDİ WOODS due diligence system includes raw materials obtained from forest areas and overgrown areas of other land categories. Detailed Findings for Indicators.

Non-compliances were identified in the FSC due diligence system, which were remedied by updating the risk mitigation measures used to control the materials. The “HCV checklist” is no longer used to identify high-value forest habitats. The database “OZOLS” is used to determine high-value forest habitats, which contains data from the monitoring of high-value habitats in Latvia. Instead, the FSC due diligence system was supplemented with a new risk mitigation measure, the “High Value Element Identification checklist”.

Using these risk mitigation measures in nature, a check is made for the presence of protected birds and cultural and historical objects in the area. If such objects are discovered, an appropriate expert is invited to give the evaluation and recommendations.

Main problems:

1. 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.

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

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:	N/A	N/A	
	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:	Matīss Rozītis	Member of the Board	15 May 2024
	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