



Supply Base Report: Verdo Trading A/S

Scope Change Audit

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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: Verdo Trading A/S

Producer location: Verdo Trading A/S, Kulholmsvej 22, 8930 Randers NØ, Denmark

Geographic position: Lat 56° 27' 35.568" N, Long 10° 3' 5.724" E

Primary contact: Line Risgaard Mortensen, Email: LIMO@verdo.com, Mobile: +45 4174 4305

Company website: www.Verdo.com

Date report finalised: 05/May/2020

Close of last CB audit: 23/Jun/2020 at Randers, Denmark

Name of CB: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Translations from English: Danish upon request

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

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

SBP Endorsed Regional Risk Assessment:
https://sbp-cert.org/wp-content/uploads/2018/12/SBP-endorsed-RRA-for-Denmark-RRA_Jun-17.pdf

Weblink to SBE on Company website: www.Verdo.com

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation Scope Change Audit	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Verdo Trading A/S is a trading company with the main objective to source and deliver fuel – primarily as Biofuel/Biomass. Biomass traded under the Verdo Trading scope of SBP Biomass Producer is Woodchips and Fuel Woodlogs.

The Sourcing-areas are principally the entire world – and the sale is principally also taking place all over the world. Though, the primary customer is the CHP-plant in Randers (owned and operated by Verdo Energy A/S).

Verdo A/S and Verdo Trading A/S is dedicated to sustainable development and has an ambition to live up to the global goals on sustainable development by 2030.

This is transformed into responsible actions towards the climate, society, diversity and environment in a wide span of various actions.

In 2009 Verdo converted production at the CHP plant in Randers. Coal was replaced with biomass and this was supplemented with several energy-efficient measures.

In regards to biomass sourcing and trading, it is to Verdo Trading at all times an uncompromised priority to ensure responsible and sustainable sourcing.

Verdo Trading presently holds the following certificates: FSC, PEFC and SBP Chain of Custody.

Under the Scope of the Biomass Producer Certification of Verdo Trading and this Supply Base Report, Verdo Trading (VT) defines its supplybase as follows:

- Denmark
- Estonia
- Latvia
- Lithuania
- Poland

VT trades the following species:

Country	Species
Denmark	Abies alba, Abies nordmanniana, Abies procera, Abies grandis, Acer pseudoplatanus, Alnus alnobetula, Alnus glutinosa, Alnus incana, Betula pendula, Betula pubescens, Corylus avellana, Cupressus sempervirens, Fagus sylvatica, Fraxinus excelsior, Larix decidua, Larix eurolepis, Larix kaempferi, Picea abies, Picea glauca, Picea omorika, Picea Sitchensis, Pinus contorta, Pinus mugo, Pinus Sylvestris, Populus tremula, Populus x canescens, Prunus avium, Pseudotsuga menziesii, Quercus petraea ,Quercus robur, Quercus Rubra, Salix spp;, Thuja occidentalis, Tsuga heterophylla
Estonia	Abies alba, Abies nordmanniana, Abies procera, Acer pseudoplatanus, Alnus alnobetula, Alnus glutinosa, Alnus incana, Betula pendula, Betula pubescens, Corylus avellana, Fagus sylvatica, Fraxinus excelsior, Picea abies, Picea Sitchensis, Pinus contorta, Pinus Sylvestris, Populus tremula, Prunus avium, Quercus petraea, Quercus robur, Quercus Rubra, Salix spp;,
Latvia	Abies alba, Abies nordmanniana, Abies procera, Acer pseudoplatanus, Alnus alnobetula, Alnus glutinosa, Alnus incana, Betula pendula, Betula pubescens, Corylus avellana, Fagus sylvatica, Fraxinus excelsior, Picea abies, Picea Sitchensis, Pinus contorta, Pinus Sylvestris, Populus tremula, Prunus avium, Quercus petraea, Quercus robur, Quercus Rubra, Salix spp;,
Lithuania	Abies alba, Abies nordmanniana, Abies procera, Acer pseudoplatanus, Alnus alnobetula, Alnus glutinosa, Alnus incana, Betula pendula, Betula pubescens, Corylus avellana, Fagus sylvatica, Fraxinus excelsior, Picea abies, Picea Sitchensis, Pinus contorta, Pinus Sylvestris, Populus tremula, Prunus avium, Quercus petraea, Quercus robur, Quercus Rubra, Salix spp;,
Poland	Abies alba, Abies nordmanniana, Abies procera, Acer pseudoplatanus, Alnus alnobetula, Alnus glutinosa, Alnus incana, Betula pendula, Betula pubescens, Corylus avellana, Fagus sylvatica, Fraxinus excelsior, Picea abies,

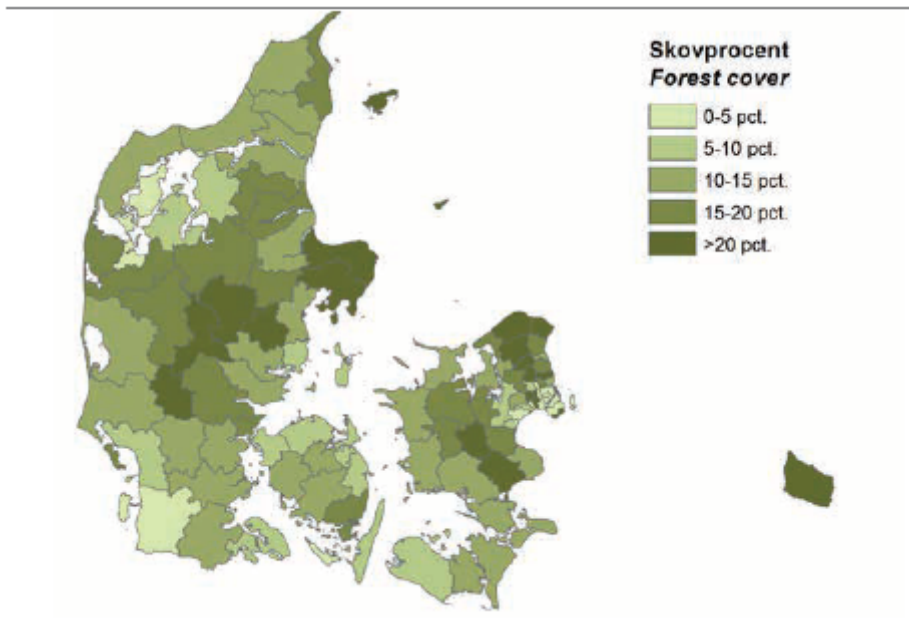
	Picea Sitchensis, Pinus contorta, Pinus Sylvestris, Populus tremula, Prunus avium, Quercus petraea, Quercus robur, Quercus Rubra, Salix spp;,
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2.1.1 Denmark

Verdo Trading considers all of Denmark as part of its supply base. 4-5 suppliers cover the danish supply base for the time being.

Forest cover

The Danish forestcover is estimated to be 625.603 ha or 14,5 pct of the total land area (Figur 1). The forest area has according to previous statistics increased since 1990, but part of the increase is due to changes in calculation method. Compared to the latest calculation the forest area is fairly unchanged (Figur 2).¹



Figur 1. Forest Cover Denmark

The largest proportion of forest land is owned by private, approximately 75% (Figure 4), either as individuals or as companies. The public share of the total forest area is about 25%

The land use development from 1851 to 2017 and distribution to forest type can be seen in figure 2 and table 1 below: The forest area has been increasing, but the last decade it has been fairly unchanged. The

¹ https://static-curis.ku.dk/portal/files/213509961/SP2017_web.pdf

percentage of conifers has been increasing until 2000 and after 2000 the area of broadleaf forest has been increasing.

In table 1 the land use distribution of the forests in Denmark is presented. As it can be seen approximately 265,000 ha's have coniferous plantings with a gross annual increment of on average 9,2 m3 and net annual increment of 1,4 m3 / ha² (Table 2)

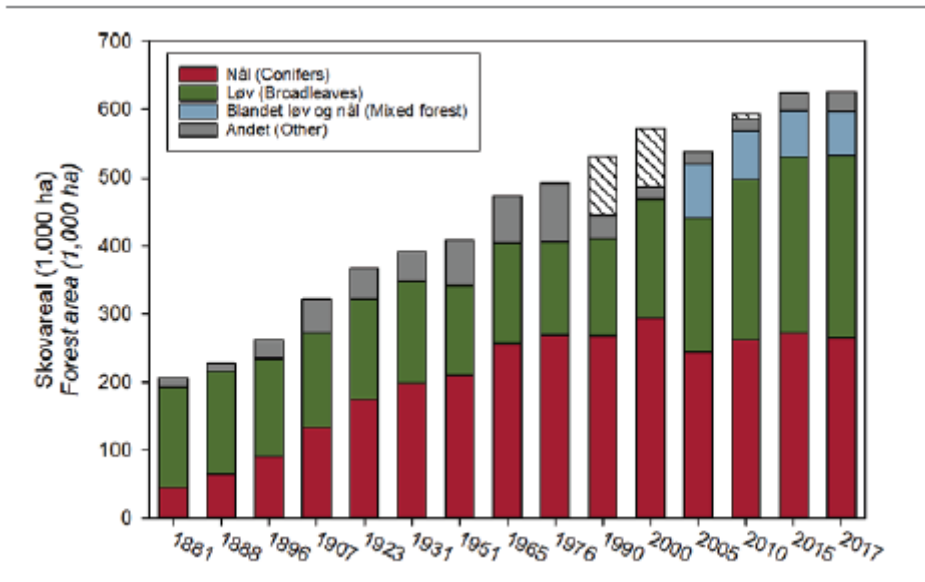


Figure 2. Forest area 1881-2017.

² https://static-curis.ku.dk/portal/files/213509961/SP2017_web.pdf

Arealanvendelse	Danmark	Hovedstaden	Midtjylland	Nordjylland	Sjælland	Syddanmark
<i>Landuse</i>	ha					
I alt <i>Total</i>	625.603	50.548	224.476	111.113	98.839	140.626
Skov, nål <i>Forest, conifer</i>	265.171	12.643	116.788	54.987	22.344	57.698
.... heraf højskov <i>.... of which high forest</i>	234.921	12.408	105.166	51.132	18.956	46.608
.... heraf juletræer og pyntegrønt <i>.... of which Christmas trees and greenery</i>	30.250	235	11.622	3.855	3.388	11.090
Skov, løv <i>Forest, broadleaves</i>	267.747	29.315	71.478	35.769	64.493	67.485
Skov, blandet løv og nål <i>Forest, mixtures of conifers and broadleaves</i>	63.472	5.726	24.067	16.461	7.898	9.200
Midlertidig ubevokset <i>Temporarily unstocked</i>	17.741	2.088	7.745	2.138	2.817	2.998
Hjælpearealer i skov <i>Unstocked forest</i>	11.471	776	4.397	1.758	1.287	3.245

Table 1. Forest area distributed to regions and landuse classes.

	Region					
	Danmark	Hovedstaden	Midtjylland	Nordjylland	Sjælland	Syddanmark
	Årlig tilvækst og hugst (1.000 m³/år og m³/ha/år)					
	<i>Annual increment and removals (1,000 m³/year and m³/ha/year)</i>					
Nettotilvækst	1.586	326	847	-155	70	510
<i>Net increment</i>	<i>1,4</i>	<i>-0,5</i>	<i>2,0</i>	<i>0,5</i>	<i>-0,8</i>	<i>2,7</i>
Hugst i alt	4.760	391	1.492	956	864	1.058
<i>Total removals</i>	<i>7,8</i>	<i>8,8</i>	<i>7,0</i>	<i>8,1</i>	<i>9,0</i>	<i>7,7</i>
Hugst	3.290	299	1.026	519	689	749
<i>Harvested</i>	<i>5,4</i>	<i>6,8</i>	<i>4,8</i>	<i>4,4</i>	<i>7,2</i>	<i>5,5</i>
Stormfald	130	2	83	8	8	30
<i>Windthrow</i>	<i>0,2</i>	<i>0,0</i>	<i>0,4</i>	<i>0,1</i>	<i>0,1</i>	<i>0,2</i>
Død	489	59	149	93	109	79
<i>Dead</i>	<i>0,8</i>	<i>1,3</i>	<i>0,7</i>	<i>0,8</i>	<i>1,1</i>	<i>0,6</i>
Mangler	851	31	235	336	58	199
<i>Missing</i>	<i>1,4</i>	<i>0,7</i>	<i>1,1</i>	<i>2,9</i>	<i>0,6</i>	<i>1,5</i>
Bruttotilvækst	6.346	717	2.338	801	934	1.568
<i>Gross increment</i>	<i>9,2</i>	<i>8,3</i>	<i>9,0</i>	<i>8,6</i>	<i>8,2</i>	<i>10,4</i>

Table 2. Growth and harvest in the Danish forests, estimated from the remeasuring of NFI sample plots. Average annual increment and harvest per hectare are provided in italics.

Management practices

In 75 % of the area, the forests are cultivated as evenaged planted, either as generally planted (66 %) or as naturally regenerated under a canopy of seed trees (9 %). (Figure 3)

Only 15 % of the forest area is covered by unevenaged planted forest, of which 5 % of the area is left as actual natural forests where there is no evidence of forest activity. There are only minor differences in the modes of operation practiced for different types of ownership, but it must be expected that in recent years the biodiversity forest and untouched forest (13,800 ha in 2018 as a result of the Nature Package), and cultivation of forests after natural principles, especially in the state forests, will change the spread gradually, as the actions are reflected in the structure of the forest and thus recorded by forest statistics.

There is an old tradition of planting windbreaks in Denmark.

The planting of windbreaks started in the 1880s were the Danish government set aside an annual grant for planting subsidies. From the 1960s the windbreaks were planted with mixtures of several species of trees and shrubs to ensure long-lasting, stable hedge. The mix includes fast-growing trees which provide the first shelter for the crops and the slow-growing species in the fence. The fast-growing species are then removed to make room for the enduring species.

Since then, various subsidies have existed to establish windbreaks.

Today, Denmark is estimated to have some 80,000 km of windbreaks.³

The existing windbreaks planted with subsidies must be maintained and it is not allowed to eliminate them.⁴

The distribution of the different management practices is presented in table 3.

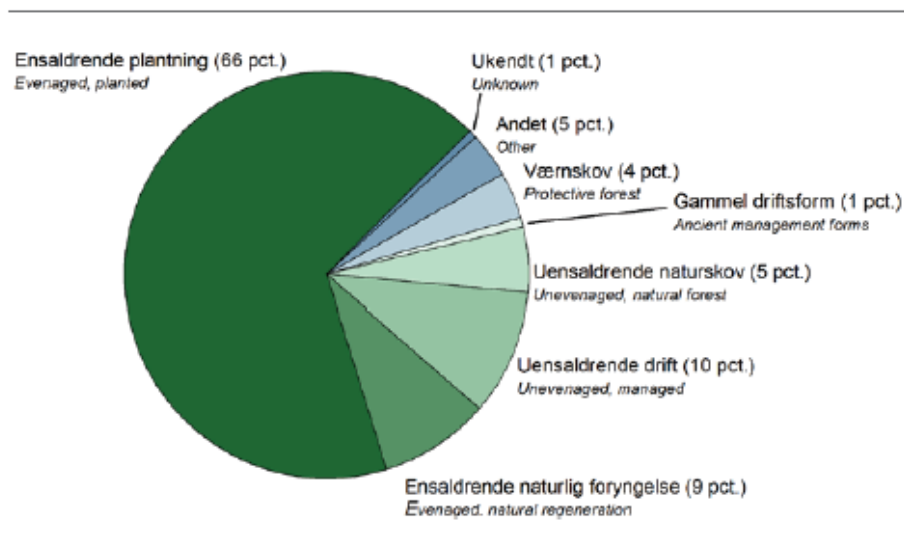


Figure 3. Distribution of the forest area to management types. The percentages are of the total forest area, excluding the 2 pct. auxiliary areas. Temporarily unstocked areas are part of the evenaged, planted area.

3

http://denstoredanske.dk/Natur_og_milj%C3%B8/Landbrug_og_havebrug/Vanding,_afvanding_og_l%C3%A6plantning/l%C3%A6hegn

⁴ <https://mst.dk/natur-vand/natur/tilskud-til-skov-og-naturprojekter/laehegn-og-smaabepantninger/>

Driftsform <i>Management type</i>	Region <i>Region</i>					
	Danmark	Hovedstaden	Midtjylland	Nordjylland	Sjælland	Syddanmark
	ha					
I alt <i>Total</i>	625.603	50.548	224.476	111.113	98.839	140.626
Ubevokset <i>Unstocked</i>	11.471	776	4.397	1.758	1.287	3.245
Ensaldrende, plantet <i>Evenaged, planted</i>	413.153	34.820	146.520	81.042	71.124	79.634
Ensaldrende, naturlig foryngelse <i>Evenaged, natural regeneration</i>	54.489	471	12.448	1.693	688	39.066
Uensaldret, drift <i>Unevenaged, operational</i>	61.043	8.902	22.979	7.334	17.861	4.309
Uensaldret, naturskov <i>Unevenaged, nature</i>	31.696	3.017	12.255	5.943	4.545	5.939
Gammel driftsform <i>Ancient management forms</i>	4.740	0	1.167	2.354	0	1.161
Værnskov <i>Protective forest</i>	22.819	212	12.924	3.272	0	6.326
Andet <i>Other</i>	22.174	1.529	10.384	7.594	2.117	450
Ukendt <i>Unknown</i>	4.019	819	1.402	123	1.218	496

Table 3. Distribution of the forest area to different regions and management types. Temporarily unstocked areas are included in “Evenaged, planted” and auxiliary areas are included in “Other” ⁵

	Danmark	Hovedstaden	Midtjylland	Nordjylland	Sjælland	Syddanmark
	<i>Antal / Number</i>					
I alt <i>Total</i>	22.744	1.169	7.782	4.302	1.907	7.583
0,5-19,9 ha	19.996	1.046	6.675	3.869	1.628	6.778
	<i>4.218</i>	<i>337</i>	<i>1.149</i>	<i>858</i>	<i>337</i>	<i>1.535</i>
20,0-49,9 ha	1.621	89	690	247	89	507
	<i>808</i>	<i>46</i>	<i>368</i>	<i>103</i>	<i>22</i>	<i>269</i>
50,0-99,9 ha	475	14	189	79	54	139
	<i>267</i>	<i>8</i>	<i>105</i>	<i>38</i>	<i>35</i>	<i>81</i>
100,0-249,9 ha	363	8	123	75	60	98
	<i>284</i>	<i>5</i>	<i>95</i>	<i>54</i>	<i>52</i>	<i>79</i>
250,0-499,9 ha	144	2	57	20	35	31
	<i>133</i>	<i>1</i>	<i>52</i>	<i>20</i>	<i>34</i>	<i>27</i>
>500,0 ha	146	10	50	13	42	30
	<i>142</i>	<i>10</i>	<i>48</i>	<i>12</i>	<i>42</i>	<i>29</i>

Table 4. Number of forest estates distributed according to region and the size of the forest estate. The number of estates that has reported harvesting to Statistics Denmark in 2015 is provided in italics.

⁵ https://static-curis.ku.dk/portal/files/213509961/SP2017_web.pdf

In table 4 the number of forest estates distributed according to region and the size of the forest estate is presented.

Ownership

A total of app. 75 % of the forest area is under private ownership while 25 % is managed by public organizations (Figure 4). There are many small forest owners (less than 20 ha), but the main part of the private forest area is owned by larger forest owner >250 ha.

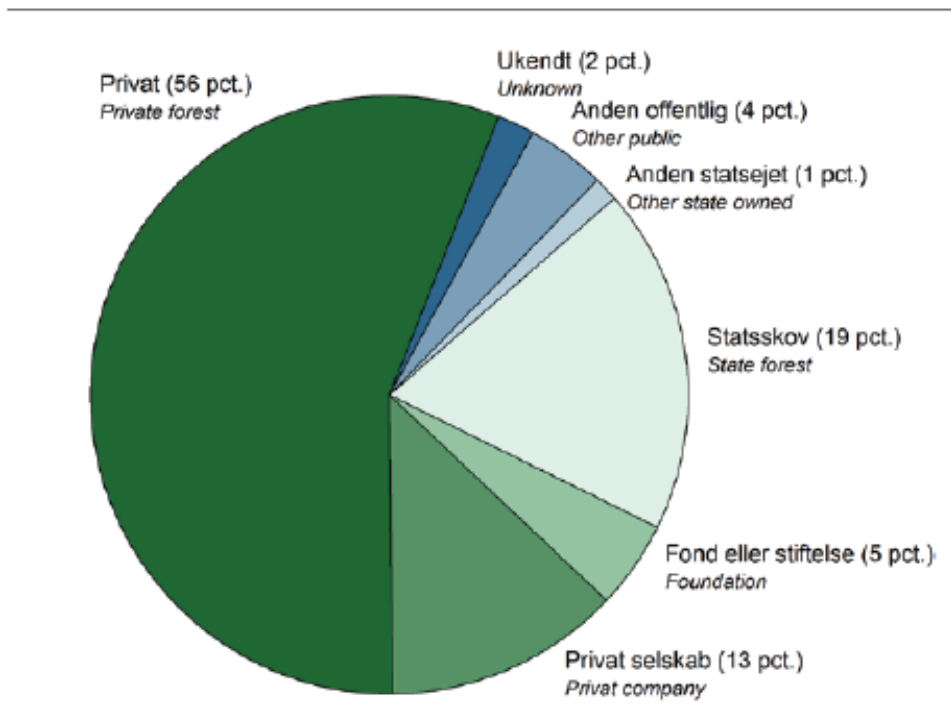


Figure 4. Forest ownership in Denmark

Socio-economic setting

The total employment in forestry is approx. 5,600 people, while 8,500 people are employed in the timber industry. Including the associate employment in the furniture industry, the total number is 23,000, but a large part of the raw materials for industry is imported and the share of employment, that is derived from Danish produced wood is not known. Total employment in the forest sector has been constant over a very long period, while declining in the associated industry.⁶

⁶ https://static-curis.ku.dk/portal/files/213509961/SP2017_web.pdf

Conservation CITES or IUCN species

Denmark

Species traded	Latin	Danish	Cites Status ⁷	IUCN classification ⁸
Silver Fir	<i>Abies alba</i>	Ædelgran	Not on the list	Least concern (LC)
Grand Fir	<i>Abies grandis</i>	Kæmpegran	Not on the list	Least concern (LC)
Caucasian Fir	<i>Abies nordmanniana</i>	Nordmannsgran	Not on the list	Least concern (LC)
Noble Fir	<i>Abies procera</i>	Nobilis	Not on the list	Least concern (LC)
Maple	<i>Acer pseudoplatanus</i>	Ahorn	Not on the list	Least concern (LC)
Common Alder	<i>Alnus glutinosa</i>	Rødel	Not on the list	Least concern (LC)
Grey alder	<i>Alnus incana</i>	Grå-el	Not on the list	Least concern (LC)
Green Alder	<i>Alnus Alnobetula</i>	Grønæl	Not on the list	Least concern (LC)
Silver Birch	<i>Betula pendula</i>	Vortebirk	Not on the list	Least concern (LC)
Downy Birch	<i>Betula pubescens</i>	Dunbirk	Not on the list	Least concern (LC)
Hazel	<i>Corylus avellana</i>	Hassel	Not on the list	Least concern (LC)
Mediterranean Cypress	<i>Cupressus sempervirens</i>	Almindelig cypres	Not on the list	Least concern (LC)
European Beech	<i>Fagus sylvatica</i>	Bøg	Not on the list	Least concern (LC)
Common Ash	<i>Fraxinus excelsior</i>	Ask	Not on the list	Near Threatened Ash dieback disease has been causing severe Ash dieback in central and northern Europe Common Ash is classified as Least Concern in Denmark and Estonia.
European Larch	<i>Larix decidua</i>	Europæisk lærk	Not on the list	Least concern (LC)
-	<i>Larix eurolepis</i>	Hybridlærk	Not on the list	Not on the list
Japanese Larch	<i>Larix kaempferi</i>	Japansk lærk	Not on the list	Least concern (LC)
Norway Spruce	<i>Picea abies</i>	Rødgran	Not on the list	Least concern (LC)
White Spruce	<i>Picea glauca</i>	Hvidgran	Not on the list	Least concern (LC)
Serbian Spruce	<i>Picea omorika</i>	Søjlegran	Not on the list	Endangered (EN)

⁷ <http://checklist.cites.org/#/en>

⁸ <https://www.iucnredlist.org/search>

Sitka Spruce	<i>Picea sitchensis</i>	Sitkagran	Not on the list	Least concern (LC)
Willow	<i>Salix spp</i>	Pileslægten	Not on the list	Least concern (LC)
Sweet Cherry	<i>Prunus avium</i>	Kirsebær	Not on the list	Least concern (LC)
Scots Pine	<i>Pinus Sylvestris</i>	Skovfyr	Not on the list	Least concern (LC)
Dwarf Mountain Pine	<i>Pinus mugo</i>	Bjergfyr	Not on the list	Least concern (LC)
Lodgepole Pine	<i>Pinus contorta</i>	Klitfyr	Not on the list	Least concern (LC)
Eurasian Aspen	<i>Populus tremula</i>	Bævreasp	Not on the list	Least concern (LC)
Gray poplar	<i>Populus x canescens</i>	Gråpoppel	Not on the list	-
Douglas-fir	<i>Pseudotsuga menziesii</i>	Grøn douglasgran	Not on the list	Least concern (LC)
European Oak	<i>Quercus robur</i>	Stilkeg	Not on the list	Least concern (LC)
Sessile Oak	<i>Quercus petraea</i>	Vintereg	Not on the list	Least concern (LC)
Northern Red Oak	<i>Quercus rubra</i>	Rødeg	Not on the list	Least concern (LC)
Northern White Cedar	<i>Thuja occidentalis</i>	Almindelig thuja	Not on the list	Least concern (LC)
Western Red-cedar	<i>Thuja plicata</i>	Kæmpethuja	Not on the list	Least concern (LC)
Western Hemlock	<i>Tsuga heterophylla</i>	Vestamerikansk hemlock	Not on the list	Least concern (LC)

Critically endangered, Endangered and vulnerable species in forests in Denmark	Latin	Danish	Cites Status ⁹	IUCN classification ¹⁰
Horse Chestnut	<i>Aesculus hippocastanum</i>	Hestekatanje	Not on the list	Vulnerable (VU)
Reddish pointed belly	<i>Pedostrangalia revestita</i>	Rødlig spidsbuk	Not on the list	Vulnerable (VU)
Oak-wood click beetle	<i>Ampedus hjorti</i>	Ege-Skovsmælder	Not on the list	Vulnerable (VU)
Violet click beetle	<i>Limoniscus violaceus</i>	Violsmælder	Not on the list	Endangered (EN)

⁹ <http://checklist.cites.org/#/en>

¹⁰ <https://www.iucnredlist.org/search?l>

Eastern Imperial Eagle	Aquila heliaca	Kejserørn	Not on the list	Vulnerable (VU)
European Turtle-dove	Streptopelia turtur	Turteldue	Not on the list	Vulnerable (VU)
Greater Spotted Eagle	Clanga clanga	Stor Skrigeørn	On Appendix II list	Vulnerable (VU)
Rustic Bunting	Emberiza rustica	Pileværling	Not on the list	Vulnerable (VU)
Velvet Scoter	Melanitta fusca	Fløjsand	Not on the list	Vulnerable (VU)
European Rabbit	Oryctolagus cuniculus	Vildkanin	Not on the list	Endangered (EN)
Full list for Denmark https://www.iucnredlist.org/search?landRegions=DK&searchType=species				

2.1.2 Estonia

Verdo Trading consider all of Estonia as a part of its supply base.

2-3 suppliers cover the Estonian supply base for the time being

Suppliers are either FSC, SBP or PEFC certified.

Forest cover

Currently more than 2,366,000 ha, equal to 52 % of the Estonian land territory, is covered by forest and the share of forest land is growing. About 0.3 mill ha's are planted, 1.1 mill ha is managed natural and 1,0 mill ha is primary forest. The area of protected forests accounts for 25.3 % of the total forest area. The majority of protected forests are located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act.

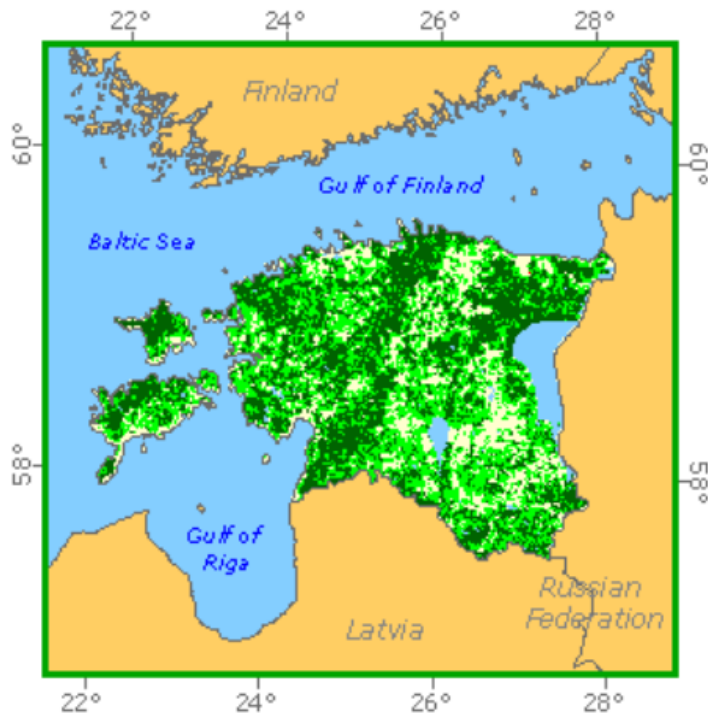


Figure 5. Forest cover of Estonia (FAO: <http://www.fao.org/forestry/country/en/est/>)

According to FAO data, during 2000 - 2005, the forested land grew by 29.000 ha. Yearbook Forest 2016, that gives annual reports and facts about the forest

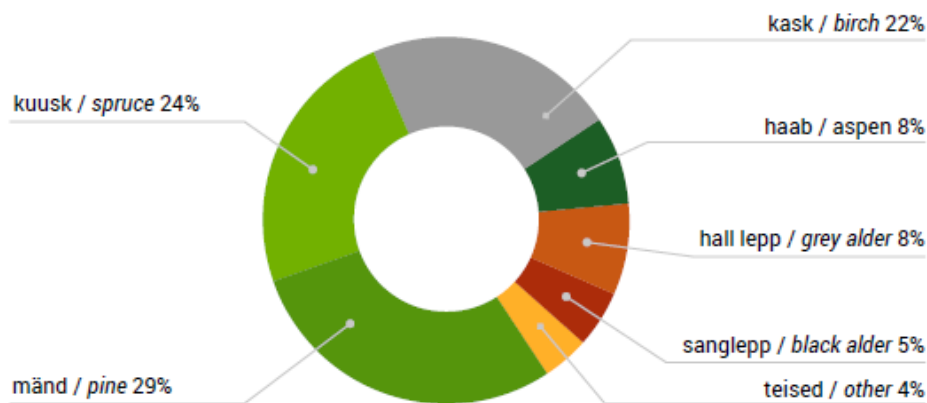
in Estonia, state that during last decade the cutting rate in Estonian forests has grown from 4 to 11 mill m³ per year¹¹. The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term economic, social and environmental needs. According to the Yearbook Forest 2016 increment is around 15 mill m³ per year.¹²

Legend

	Water
	Closed Forest
	Open/Fragmented Forest
	Other Wooded Lands
	Other land cover

¹¹ <https://keskkonnaagentuur.ee/et/aastaraamat-mets-2016?sid=5391>

¹² https://www.keskkonnaagentuur.ee/sites/default/files/mets2016_08.09.pdf



Figur 6. Distribution of growing stock by tree species (Yearbook Forest 2016)

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database¹³.

Management practices

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders¹⁴. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020¹⁵ has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection. The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forests, protection forests and protected forests.

Ownership

According to ownership, forests are divided into private forests, municipality forests and state-owned forests. The state-owned forest represents approximately 40% of the total forest area, 43% is privately owned and 17 % has other ownership¹⁶ For the forests with private ownership 80 % are owned by individual and 20 % by business entities and institutions. State forests are certified according to FSC and PEFC forest management and chain of custody standards in which the indicators related to forest management planning, maps and

¹³ <https://register.metsad.ee/#/>

¹⁴ https://europa.eu/european-union/about-eu/countries/member-countries/estonia_en#estonia-in-the-eu

¹⁵ Original title: „Eesti metsanduse arengukava aastani 2020 “; approved by Estonians parliament decision nr 909 OE 15. February 2011.a
http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf

¹⁶ <https://rmk.ee/organisation/operating-areas>

availability of forest inventory records are being constantly evaluated and addressed¹⁷. The state forest is managed by State Forest Management Centre (RMK) which is a profitmaking state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest.

Socio-economic setting

According to the Forestry Yearbook 2016 the wood, paper and furniture industry (751,1 mill euro) contributed 26,6 % to the total Estonian manufacturing industry providing 4,2% of the total value added. Forestry accounted for 1.1% of the value added.¹⁸

In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time to pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about nature.

Conservation CITES or IUCN species

Estonia

Species traded	Latin	Danish	Cites Status	IUCN classification
Silver Fir	Abies alba	Ædelgran	Not on the list	Least concern (LC)
Caucasian Fir	Abies nordmanniana	Nordmannsgran	Not on the list	Least concern (LC)
Noble Fir	Abies procera	Nobilis	Not on the list	Least concern (LC)
Common Alder	Alnus glutinosa	Rødel	Not on the list	Least concern (LC)
Grey alder	Alnus incana	Grå-el	Not on the list	Least concern (LC)
Green Alder	Alnus Alnobetula	Grønel	Not on the list	Least concern (LC)
Silver Birch	Betula pendula	Vortebirk	Not on the list	Least concern (LC)
Downy Birch	Betula pubescens	Dunbirk	Not on the list	Least concern (LC)
Hazel	Corylus avellana	Hassel	Not on the list	Least concern (LC)
European Beech	Fagus sylvatica	Bøg	Not on the list	Least concern (LC)
Common Ash	Fraxinus excelsior	Ask	Not on the list	Near Threatened Ash dieback disease has been causing severe Ash dieback in central and northern Europe Common Ash is classified as Least Concern in

¹⁷ <https://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates>

¹⁸ https://www.keskkonnaagentuur.ee/sites/default/files/mets2016_08.09.pdf

				Denmark and Estonia.
Norway Spruce	<i>Picea abies</i>	Rødgran	Not on the list	Least concern (LC)
Sitka Spruce	<i>Picea sitchensis</i>	Sitkagran	Not on the list	Least concern (LC)
Willow	<i>Salix spp</i>	Pileslægten	Not on the list	Least concern (LC)
Sweet Cherry	<i>Prunus avium</i>	Kirsebær	Not on the list	Least concern (LC)
Scots Pine	<i>Pinus Sylvestris</i>	Skovfyr	Not on the list	Least concern (LC)
Lodgepole Pine	<i>Pinus contorta</i>	Klitfyr	Not on the list	Least concern (LC)
Eurasian Aspen	<i>Populus tremula</i>	Bævreasp	Not on the list	Least concern (LC)
European Oak	<i>Quercus robur</i>	Stilkeg	Not on the list	Least concern (LC)
Sessile Oak	<i>Quercus petraea</i>	Vintereg	Not on the list	Least concern (LC)
Northern Red Oak	<i>Quercus rubra</i>	Rødeg	Not on the list	Least concern (LC)
Maple	<i>Acer pseudoplatanus</i>	Ahorn	Not on the list	Least concern (LC)

Critically endangered, Endangered and vulnerable species in forests in Estonia	Latin	Danish	Cites Status	IUCN classification
Fruchtbares Schlafmoos	<i>Hypnum fertile</i>	-	Not on the list	Critically endangered (CR)
Violet click beetle	<i>Limoniscus violaceus</i>	Violsmælder	Not on the list	Endangered (EN)
European Turtle-dove	<i>Streptopelia turtur</i>	Turdeldue	Not on the list	Vulnerable (VU)
Greater Spotted Eagle	<i>Clanga clanga</i>	Stor skrigeørn	On Appendix II list	Vulnerable (VU)
Rustic Bunting	<i>Emberiza rustica</i>	Pileværling	Not on the list	Vulnerable (VU)
Velvet Scoter	<i>Melanitta fusca</i>	Fløglsand	Not on the list	Vulnerable (VU)
Full list for Estonia https://www.iucnredlist.org/search?landRegions=EE&searchType=species				

2.1.3 Latvia

Verdo Trading consider all of Latvia as a part of its supply base.

2-3 suppliers cover the Latvian supply base for the time being

Suppliers are either FSC, SBP or PEFC certified.

Forest cover

Latvia has the fourth highest forest cover among all EU countries, Forests in Latvia take up 3.8 mill ha's of land, or 53 % of the country's territory. Around 50 % of all trees in Latvian forests are deciduous trees, and they dominate the amount of stock volume. The number of stands of young birch trees and white alder has increased rapidly in the past few years. The predominant forest species in Latvia are: Pine 33 %, Birch 30 %, Spruce 19 %, Grey Alder 7 %, Aspen 7 %, Black Alder 3 %, Ash 0.5 %, Oak 0.3 %, Other Species 0.3 %.¹⁹

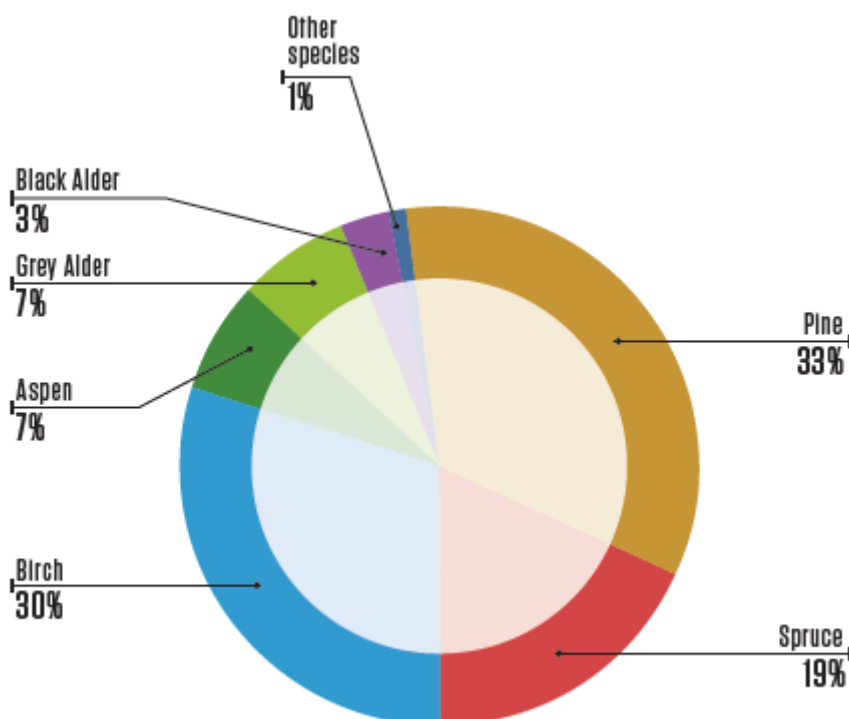


Figure 7. Forest Area by dominant species. Latvia 2019

Management practices

The forest sector in Latvia is under the supervision of the Ministry of Agriculture. It works with stakeholders to draft forest policies, development strategies for the sector, as well as regulations on forest management, the use of forest resources, environment protection and hunting. The State Forest Service, under the Ministry of Agriculture, is the responsible agency for supervising how the provisions of the laws and regulations are observed in forest management irrespective of the ownership type.

¹⁹ https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf

State-owned forests are managed by “Latvian State Forests”, which was established in 1999. It implements the state’s interests in terms of preserving and increasing the value of the forest and enhancing the contributions of the forest to the national economy. www.zm.gov.lv.

The interests of private forest owners are represented by the Latvian Forest Owners' Association. www.mezaipasnieki.lv ²⁰

There are management restrictions in 28.2 % of the total forest area in Latvia. This includes areas that are strictly protected from forestry, which cover 3.3 %. Also included are areas with some restrictions on forestry, which cover 10.4 % of the total forest area. In the remaining 14.5 %, other types of management are restricted depending on the values in the forest. Due to the dramatic increase in forest cover in the last 100 years, the current proportion of old-growth forests in Latvia is low as such, a major challenge of forest conservation in Latvia is to ensure that such oldgrowth forests and features are protected and allowed to develop. www.lvm.lv

Ownership

The Latvian state owns around one-half of the country’s forests, while most of the rest of the forest belongs to approximately 135,000 private owners.

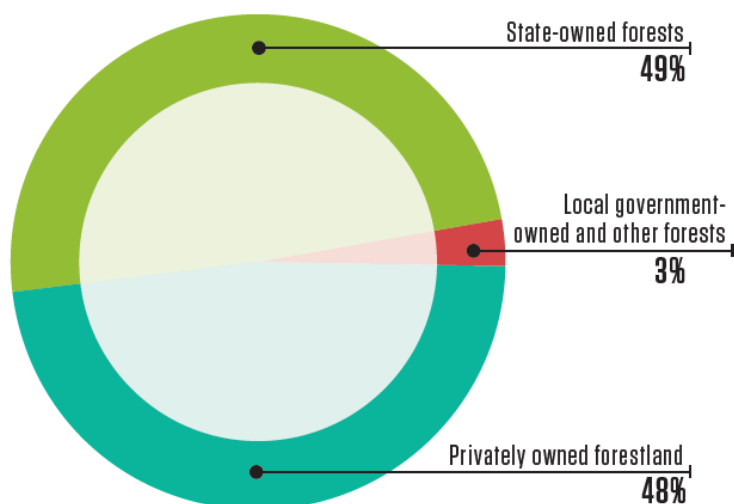


Figure 8. Forest ownership by status 2019²¹

Socio-economic setting

The forest sector is one of the cornerstones of the national economy at this time. Forestry, wood processing and furniture manufacturing represented 5,1 % of GDP in 2018, while exports amounted to EUR 2,6 billion - 21 % of all exports.

According to the Latvian Ministry of Agriculture, Latvia is a net exporter of forestry industry products. In 2018 Latvia exported EUR 2.6 billion worth of forest industry products, which was 18% more than in 2017

²⁰ https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf

²¹ https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf

when exports amounted to EUR 2.2 billion.

The EU is the main trading partner for the Latvian wood sector with an almost 90 percent share of the total Latvian wood export volume. Traditionally, Latvia's largest forestry export markets are the UK, Germany and Sweden.¹²

Currently, the Latvian forest industry directly employs 40,000 people and gives 30,000 more jobs indirectly in such industries as transport services, metal working, education, science, construction, power engineering etc.²²

Conservation CITES or IUCN species

Latvia

Species traded	Latin	Danish	Cites Status	IUCN classification
Silver Fir	<i>Abies alba</i>	Ædelgran	Not on the list	Least concern (LC)
Caucasian Fir	<i>Abies nordmanniana</i>	Nordmannsgran	Not on the list	Least concern (LC)
Noble Fir	<i>Abies procera</i>	Nobilis	Not on the list	Least concern (LC)
Common Alder	<i>Alnus glutinosa</i>	Rødel	Not on the list	Least concern (LC)
Grey alder	<i>Alnus incana</i>	Grå-el	Not on the list	Least concern (LC)
Green Alder	<i>Alnus Alnobetula</i>	Grønel	Not on the list	Least concern (LC)
Silver Birch	<i>Betula pendula</i>	Vortebirk	Not on the list	Least concern (LC)
Downy Birch	<i>Betula pubescens</i>	Dunbirk	Not on the list	Least concern (LC)
Hazel	<i>Corylus avellana</i>	Hassel	Not on the list	Least concern (LC)
European Beech	<i>Fagus sylvatica</i>	Bøg	Not on the list	Least concern (LC)
Common Ash	<i>Fraxinus excelsior</i>	Ask	Not on the list	Near Threatened Ash dieback disease has been causing severe Ash dieback in central and northern Europe Common Ash is classified as Least Concern in Denmark and Estonia.
Norway Spruce	<i>Picea abies</i>	Rødgran	Not on the list	Least concern (LC)
Sitka Spruce	<i>Picea sitchensis</i>	Sitkagran	Not on the list	Least concern (LC)
Willow	<i>Salix spp</i>	Pileslægten	Not on the list	Least concern (LC)
Sweet Cherry	<i>Prunus avium</i>	Kirsebær	Not on the list	Least concern (LC)

²² <https://www.lvm.lv/mezsaimniecibas-cikls/en/musu-mezs/kas-ir-dabai-draudziga-mezsaimnieciba>

Scots Pine	Pinus Sylvestris	Skovfyr	Not on the list	Least concern (LC)
Lodgepole Pine	Pinus contorta	Klitfyr	Not on the list	Least concern (LC)
Eurasian Aspen	Populus tremula	Bævreasp	Not on the list	Least concern (LC)
European Oak	Quercus robur	Stilkeg	Not on the list	Least concern (LC)
Sessile Oak	Quercus petraea	Vintereg	Not on the list	Least concern (LC)
Northern Red Oak	Quercus rubra	Rødeg	Not on the list	Least concern (LC)
Maple	Acer pseudoplatanus	Ahorn	Not on the list	Least concern (LC)

Critically endangered, Endangered and vulnerable species in forests in Latvia	Latin	Danish	Cites Status	IUCN classification
Fruchtbares Schlafmoos	Hypnum fertile	-	Not on the list	Critically endangered (CR)
Oak-wood click beetle	Ampedus hjorti	Ege-Skovsmælder	Not on the list	Vulnerable (VU)
European Turtle-dove	Streptopelia turtur	Turteldue	Not on the list	Vulnerable (VU)
Greater Spotted Eagle	Clanga clanga	Stor Skrigeørn	On Appendix II list	Vulnerable (VU)
Rustic Bunting	Emberiza rustica	Pileværling	Not on the list	Vulnerable (VU)
Velvet Scoter	Melanitta fusca	Fløjlsand	Not on the list	Vulnerable (VU)
Full list for Latvia https://www.iucnredlist.org/search?landRegions=LV&searchType=species				

2.1.4 Lithuania

Verdo Trading consider all of Lithuania as a part of its supply base.

0-1 suppliers cover the Lithuanian supply base for the time being

Suppliers are either FSC og PEFC certified.

Forest cover

The forested land occupies 33,5 % of the country's territory or 2,189 mill ha.²³ (FAO estimates the forested land in Lithuania to be 28 %)²⁴

The south-eastern part of the country is most heavily forested. Average annual increase in forest area is about 7.000 ha. The huge differences in forest coverage during the last 10 years is explained by insufficient data previously used by Forest Assessment. Occupying 1,145 mill ha, coniferous stands prevail in Lithuania, covering 55.6% of the forest area. They are followed by soft wood deciduous forests (0.841 mill ha, 40.9 %). Hard wood deciduous forests occupy 72,000 ha (3.5 %). Over the last 14 years total area of soft wood deciduous forests increased by 142,700 ha. The area of hard wood deciduous has decreased by 20,400 ha over the last 14 years (mainly due to the mouth of ash woods), and coniferous forest area in last 14 years decreased by 14,900 ha.²⁵

Distribution of most common species

- Scots pine (*Pinus sylvestris*) - 34 %
- Norway spruce (*Picea abies*) - 21 %
- Birch (*Betula pendula*) - 22 %
- Black alder (*Alnus glutinosa*) - 8 %
- Grey alder (*Alnus incana*) - 6 %
- Aspen (*Populus tremula*) - 5 %
- Oak (*Quercus robur*) - 2 %
- Ash (*Fraxinus excelsior*) - 1 % (stands diminished by 64.6 % due to disease)
- Other - 1 %

²³ <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=32300>

²⁴ <http://www.fao.org/3/w3722e/w3722e22.htm>

²⁵ <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=32300>

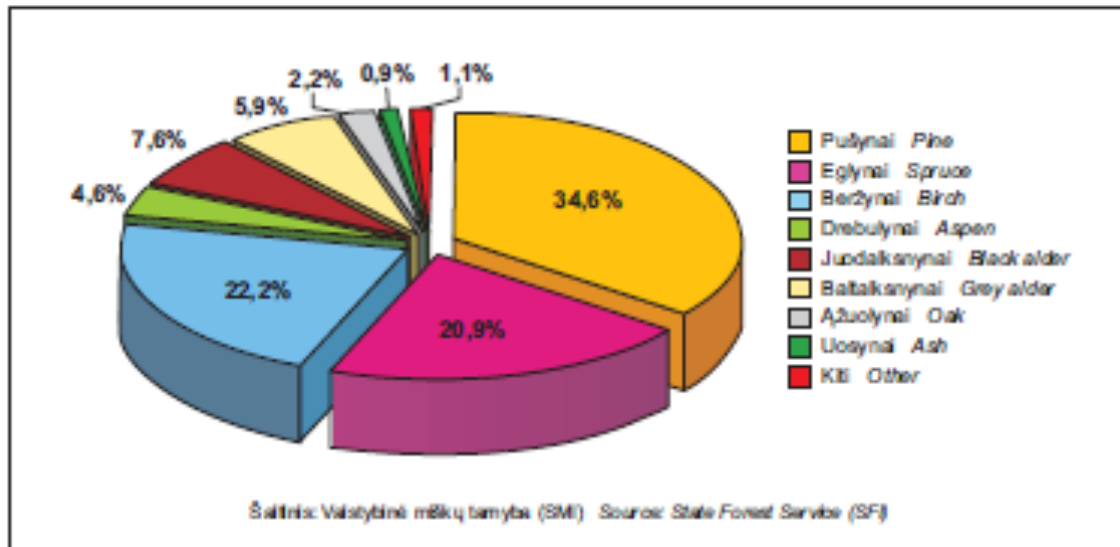


Figure 9. Forest stands area by dominant tree species 01.01.2017

Management practices

All Lithuanian forests are distributed into four functional groups. In the beginning of 2017, distribution of forests by functional groups was as follows: group I (strict nature reserves) - (1.1%); group II (ecosystems protection and recreational forests) (11.9%); group III (protective forests) (14.6%); and group IV (exploitable forests) (72.3%)

Fellings

Over 1990-1995 felling rates in all Lithuanian forests (irrespective of their ownership) were unstable, but still slightly increasing and reached the peak in 1995 with the total of 9.43 mill. m³ of living trees felled. After 1995 felling were decreasing to 7.71 mill. m³ of living trees felled in 1997 and then started to increase again. The highest point over the whole accounting period was reached in 2003 (10.34 mill. m³ of living trees felled) and then started slightly to decrease until 2012 (8.05 mill. m³ of living trees felled). Over the past years, marginal increase in forest felling is observed (9.86 mill. m³ in 2016).

State forest of Lithuania are FSC certified. The audit of this certification confirms the fact that Lithuanian State forests are managed responsibly, in compliance with the requirements of protection and conservation of biodiversity.²⁶

Ownership

By 1st January 2017, around a half of all forest land in Lithuania was of specific interest of the state through ownership (stateforest) high preservation and recreational areas. After intersection of layers of all forests and private holdings the estimated area of private forests was 0,9 mill. ha.

Forty two State forest enterprises under subordination of the Ministry of Environment, managed 1.05 mill. ha of forest land. The number of forest districts during the last year decreased by 2 until 339 with an average

²⁶ <http://www.fao.org/3/w3722e/w3722e22.htm>

size of 3,200 ha. Property rights, according to the data of State Enterprise Centre of Registers, were registered on 9,600 ha forest land in 2016. The number of private forest owners amounted to almost 250,100, a forest estate averaging 3.4 ha.²⁷

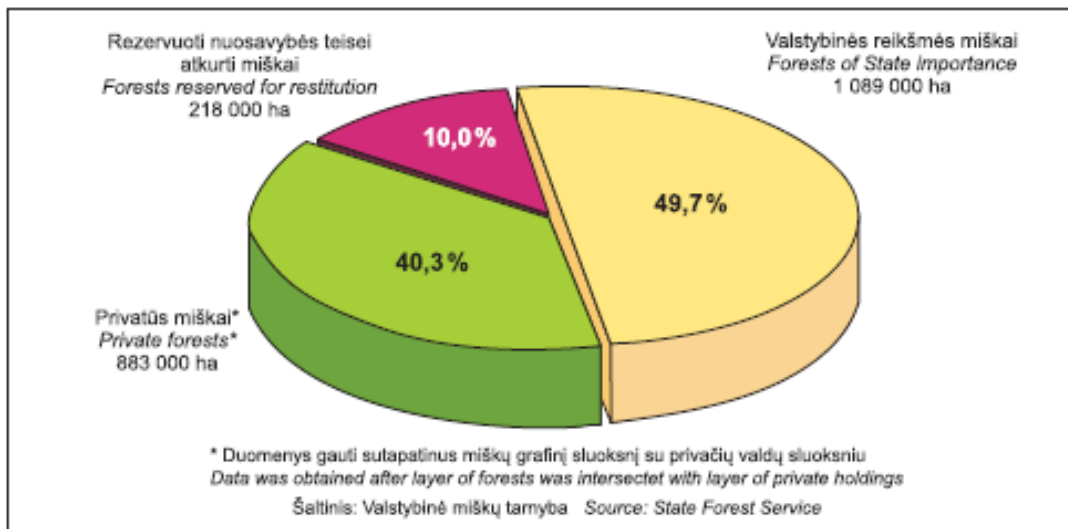


Figure 10. Forest land by ownership 01.01.2017

Socio-economic setting

The wood processing sector accounts for about 2.0 % of GDP, employing around 32,200 workers or 3.5 % of total employment. 2,257 companies were active in the sector at the beginning of 2016, 99.8 % of them were SME (small and medium sized enterprises).

In 2015 production of the wood processing sector (at current prices excl. taxes) amounted to 973 mill EUR, which was a 10.4 % increase compared to 2014. Around 2/3 of production is exported to more than 90 countries around the world.

The most important export markets for the wood processing sector in 2015 were Germany, followed by Norway, Latvia and the United Kingdom. European Union countries accounted for almost 70 % of exports by the wood processing sector.

Key products

- Sawn timber
- Prefabricated buildings
- Practical boards and board of wood
- Wooden windows and doors
- Flooring panels
- Exterior and interior planks

²⁷ <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=32300>

Conservation CITES or IUCN species

Lithuania

Species traded	Latin	Danish	Cites Status	IUCN classification
Silver Fir	<i>Abies alba</i>	Ædelgran	Not on the list	Least concern (LC)
Caucasian Fir	<i>Abies nordmanniana</i>	Nordmannsgran	Not on the list	Least concern (LC)
Noble Fir	<i>Abies procera</i>	Nobilis	Not on the list	Least concern (LC)
Common Alder	<i>Alnus glutinosa</i>	Rødel	Not on the list	Least concern (LC)
Grey alder	<i>Alnus incana</i>	Grå-el	Not on the list	Least concern (LC)
Green Alder	<i>Alnus Alnobetula</i>	Grønel	Not on the list	Least concern (LC)
Silver Birch	<i>Betula pendula</i>	Vortebirk	Not on the list	Least concern (LC)
Downy Birch	<i>Betula pubescens</i>	Dunbirk	Not on the list	Least concern (LC)
Hazel	<i>Corylus avellana</i>	Hassel	Not on the list	Least concern (LC)
European Beech	<i>Fagus sylvatica</i>	Bøg	Not on the list	Least concern (LC)
Common Ash	<i>Fraxinus excelsior</i>	Ask	Not on the list	Near Threatened Ash dieback disease has been causing severe Ash dieback in central and northern Europe Common Ash is classified as Least Concern in Denmark and Estonia.
Norway Spruce	<i>Picea abies</i>	Rødgran	Not on the list	Least concern (LC)
Sitka Spruce	<i>Picea sitchensis</i>	Sitkagran	Not on the list	Least concern (LC)
Willow	<i>Salix spp</i>	Pileslægten	Not on the list	Least concern (LC)
Sweet Cherry	<i>Prunus avium</i>	Kirsebær	Not on the list	Least concern (LC)
Scots Pine	<i>Pinus Sylvestris</i>	Skovfyr	Not on the list	Least concern (LC)
Lodgepole Pine	<i>Pinus contorta</i>	Klitfyr	Not on the list	Least concern (LC)
Eurasian Aspen	<i>Populus tremula</i>	Bævreasp	Not on the list	Least concern (LC)
European Oak	<i>Quercus robur</i>	Stilkeg	Not on the list	Least concern (LC)
Sessile Oak	<i>Quercus petraea</i>	Vintereg	Not on the list	Least concern (LC)
Northern Red Oak	<i>Quercus rubra</i>	Rødeg	Not on the list	Least concern (LC)
Maple	<i>Acer pseudoplatanus</i>	Ahorn	Not on the list	Least concern (LC)

Critically endangered, Endangered and vulnerable species in forests in Lithuania	Latin	Danish	Cites Status	IUCN classification
Oak-wood click beetle	Ampedus hjorti	Ege-Skovsmælder	Not on the list	Vulnerable (VU)
Eastern Imperial Eagle	Aquila heliaca	Kejserørn	Not on the list	Vulnerable (VU)
European Turtle-dove	Streptopelia turtur	Turteldue	Not on the list	Vulnerable (VU)
European Bison	Bison bonasus	Europæisk Bison	Not on the list	Vulnerable (VU)
Greater Spotted Eagle	Clanga clanga	Stor Skrigeørn	On Appendix II list	Vulnerable (VU)
Velvet Scoter	Melanitta fusca	Fløjlsand	Not on the list	Vulnerable (VU)
Full list for Lithuania https://www.iucnredlist.org/search?landRegions=LT&searchType=species				

2.1.5 Poland

Verdo Trading consider all of Poland as a part of its supply base.

0-1 suppliers cover the Polish supply base for the time being

Suppliers are either FSC, SBP or PEFC certified.

Forest cover

Poland takes the leading position in Europe as far as the forest area is concerned. The forests overgrow 9.1 million hectares which is 29.4% of the territory of Poland. The vast majority of this area are forests owned by the state, out of which almost 7.6 million hectares 83,5 % are under the State Forests Holding management.

The forest cover increased from 21% in the year 1945 to 29.4% at present. From 1995 to 2014 the forest area enlarged by 504 thousand hectares. The basis for the afforestation works in Poland is the National Programme for the Augmentation of Forest Cover with the assumption to increase the forest cover up to 30% in 2020 and up to 33% in 2050. Poland's forests are rich in flora, fauna and fungi; 65% of all species occurring in Poland live there.²⁸

Management practices

The size of timber harvest is determined by the forest management plan prepared for each forest district for a 10-year period. It ensures that the size of timber logging is kept not only within the limits of the productive function of forest but it also systematically increases the so called growing stock, ie. timber remaining in the forest. To summarize, foresters' management ensures the sustainability of forests and the possibility of their

²⁸ <https://www.lasy.gov.pl/en/our-forests/polish-forests>

biological reproduction.

In Poland about 55% of the increment is harvested. It is estimated that the current abundance of Polish forests is over 2.4 milliard cubic meters of timber.

Ownership

The vast majority of Polish forests are state forests, of which nearly 7.6 million – 83,5 % hectares is managed by the State Forests Holding. The remaining 16,5 % is privately owned.

Socio-economic setting

Poland maintains rank as world's 10th biggest producer and 4th exporter of furniture. The wood industry exports the commodities of the total annual value accounting for 45 billion PLN, which constitutes 10% of the domestic export. The forestry-wood sector accounts for 2% of the Poland's gross domestic product (GDP). Not only the sector provides jobs to hundreds thousands of people but also it triggers investments and the development of innovative technology. Since the beginning of political transformation in Poland, the forestry-wood sector attracted foreign capital valued at 30 billion PLN.

The State Forests is one of the top employers in Poland. Moreover, forest and timber provide livelihood to employees of several thousand private industries providing forestry services, who at the commission of the State Forests are planting and tending trees, logging and hauling timber, but most of all the State Forests provides jobs to those employed in tens of thousands companies that constitute timber, furniture and paper industries. All in all, it's about 375 thousand Poles. Statistically one in one hundred citizens of Poland works in sector connected with forestry and wood processing.

Among private industries of the forestry-wood sector there are huge corporations with foreign capital, as well big and medium domestic companies, however, 9 out of 10 entities constitute small businesses that hire less than 10 employees. Usually they are family businesses, that cultivate multigenerational traditions connected with forestry, functioning within less developed regions of the country. In those regions, forestry and timber industry along with agriculture remain the only source of income for hundreds thousands of families. About 60% of all workplaces in the forestry-wood sector is located within rural areas.²⁹

Conservation CITES or IUCN species

Poland

Species traded	Latin	Danish	Cites Status	IUCN classification
Silver Fir	Abies alba	Ædelgran	Not on the list	Least concern (LC)
Caucasian Fir	Abies nordmanniana	Nordmannsgran	Not on the list	Least concern (LC)
Noble Fir	Abies procera	Nobilis	Not on the list	Least concern (LC)
Common Alder	Alnus glutinosa	Rødel	Not on the list	Least concern (LC)
Grey alder	Alnus incana	Grå-el	Not on the list	Least concern (LC)
Green Alder	Alnus Alnobetula	Grønel	Not on the list	Least concern (LC)
Silver Birch	Betula pendula	Vortebirk	Not on the list	Least concern (LC)
Downy Birch	Betula pubescens	Dunbirk	Not on the list	Least concern (LC)

²⁹ <https://www.lasy.gov.pl/en/our-forests/polish-forests>

Hazel	<i>Corylus avellana</i>	Hassel	Not on the list	Least concern (LC)
European Beech	<i>Fagus sylvatica</i>	Bøg	Not on the list	Least concern (LC)
Common Ash	<i>Fraxinus excelsior</i>	Ask	Not on the list	Near Threatened Ash dieback disease has been causing severe Ash dieback in central and northern Europe Common Ash is classified as Least Concern in Denmark and Estonia.
Norway Spruce	<i>Picea abies</i>	Rødgran	Not on the list	Least concern (LC)
Sitka Spruce	<i>Picea sitchensis</i>	Sitkagran	Not on the list	Least concern (LC)
Willow	<i>Salix spp</i>	Pileslægten	Not on the list	Least concern (LC)
Sweet Cherry	<i>Prunus avium</i>	Kirsebær	Not on the list	Least concern (LC)
Scots Pine	<i>Pinus Sylvestris</i>	Skovfyr	Not on the list	Least concern (LC)
Lodgepole Pine	<i>Pinus contorta</i>	Klittfyr	Not on the list	Least concern (LC)
Eurasian Aspen	<i>Populus tremula</i>	Bævreasp	Not on the list	Least concern (LC)
European Oak	<i>Quercus robur</i>	Stilkeg	Not on the list	Least concern (LC)
Sessile Oak	<i>Quercus petraea</i>	Vintereg	Not on the list	Least concern (LC)
Northern Red Oak	<i>Quercus rubra</i>	Rødeg	Not on the list	Least concern (LC)
Maple	<i>Acer pseudoplatanus</i>	Ahorn	Not on the list	Least concern (LC)

Critically endangered, Endangered and vulnerable species in forests in Poland	Latin	Danish	Cites Status	IUCN classification
Green Ash	<i>Fraxinus pennsylvanica</i>	Rød-ask	Not on the list	Critically endangered (CR)
Fruchtbares Schlafmoos	<i>Hypnum fertile</i>	-	Not on the list	Critically endangered (CR)
Goryczuszka Czeska	<i>Gentianella bohemica</i>	-	Not on the list	Vulnerable (VU)

Jack's Scalegwort	Frullania jackii	-	Not on the list	Vulnerable (VU)
-	Brachythecium geheebii	-	Not on the list	Vulnerable (VU)
Atlas Daisy	Anacyclus pyrethrum	Bertram	Not on the list	Vulnerable (VU)
Przytulia Sudecka	Galium sudeticum	-	Not on the list	Vulnerable (VU)
European Rabbit	Oryctolagus cuniculus	Vildkanin	Not on the list	Endangered (EN)
Oak-wood click beetle	Ampedus hjorti	Ege-Skovsmælder	Not on the list	Vulnerable (VU)
Sudeten ringlet	Erebia sudetica	Sudeten-ringletten	Not on the list	Vulnerable (VU)
-	Anisarthron barbipes	-	Not on the list	Vulnerable (VU)
Eastern Imperial Eagle	Aquila heliaca	Kejserørn	Not on the list	Vulnerable (VU)
Violet click beetle	Limoniscus violaceus	Violsmælder	Not on the list	Endangered (EN)
Reddish pointed belly	Pedostrangalia revestita	Rødlig spidsbuk	Not on the list	Vulnerable (VU)
European Turtle-dove	Streptopelia turtur	Turteldue	Not on the list	Vulnerable (VU)
Greater Spotted Eagle	Clanga clanga	Stor Skrigeørn	On Appendix II list	Vulnerable (VU)
European Bison	Bison bonasus	Europæisk Bison	Not on the list	Vulnerable (VU)
Rustic Bunting	Emberiza rustica	Pileværling	Not on the list	Vulnerable (VU)
-	Mycetochara roubali	-	Not on the list	Vulnerable (VU)
-	Corticeus bicoloroides	-		Endangered (EN)
Giant Noctule	Nyctalus lasiopterus	Flagermus	Not on the list	Vulnerable (VU)
Velvet Scoter	Melanitta fusca	Fløjlsand	Not on the list	Vulnerable (VU)
Goldstreifiger	Buprestis splendens	-	Not on the list	Endangered (EN)
-	Ropalopus ungaricus	-	Not on the list	Endangered (EN)
-	Corticeus versipellis	-	Not on the list	Endangered (EN)
-	Pseudogauratina excellens	-	Not on the list	Endangered (EN)
Full list for Poland https://www.iucnredlist.org/search?landRegions=PL&searchType=species				

2.2 Actions taken to promote certification amongst feedstock supplier

VT promote sustainability certification amongst all it's suppliers and has been an active partner in the Danish Industry Agreement also within formulation of the requirements which led to the "Alternativ Dokumentation" addressing the specified risks identified for Denmark.

VT requests it suppliers to deliver biomass which is certified according to SBP, FSC, PEFC or "Alternatively Documented" standards and rarely deviate from this request.

In regards to biomass sourcing and trading, it is to Verdo Trading at all times an uncompromised priority to ensure responsible and sustainable sourcing.

2.3 Final harvest sampling programme

VT also focuses on ensuring a financially sound result for our suppliers working in the forest. Therefore, high value products primarily and not only biomass will be produced when felling stands of more than 40 years. The price difference on energy wood for biomass and wood for timber, logs or packing wood means that it is not financially attractive to produce energy wood if a higher value product may be produced. When wood from clear fellings of more than 40 years ends up in biomass, it is due to the fact that part of the wood does not meet the quality requirements for e.g. timber. The reasons may be rot, damage, warping, splits, windfall, etc.

Statistics show that the majority of wood in our neighboring countries is used for non-energy purposes (figure 12). In Denmark the assortment used for firewood has decreased while energy wood has increased in the same period. (figure 11). However, as the numbers in figure 11 is based on national statistics that does not distinguish between assortments from final fellings and thinnings, and thus includes material from pre-commercial thinnings, it is clear that the majority of wood produced in clear fellings, also in Denmark, is used for non-energy purposes. In Latvia the situation is similar (figure 13)

Fordelingen af hugsten på gavnræ, energitræ og brænde

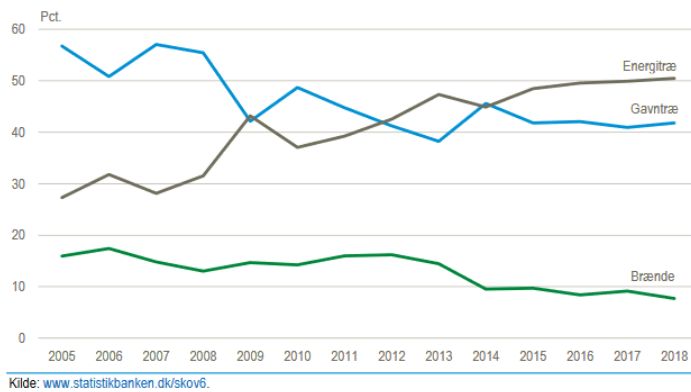


Figure 11. Denmark, Timber vs Energy assortment³⁰

³⁰ <https://www.dst.dk/Site/Dst/Udgivelser/nyt/GetPdf.aspx?cid=30115>

**PRODUCTION OF ROUNDWOOD AND FOREST INDUSTRY PRODUCTS IN LITHUANIA AND
NEIGHBOURING COUNTRIES IN 2016**

Produktas Product	Mato vnt. Unit	Lietuva Lithuania	Estija Estonia	Latvija Latvia	Lenkija Poland	Suomija Finland	Švedija Sweden	Vokietija Germany
Malkos Wood fuel	1000 m ³	2 085	3 161	1 300	4 975	7 964	7 000	9 413
Padarinė mediena Industrial roundwood	1000 m ³	4 662	6 574	11 351	37 360	54 327	67 200	42 780
Spygliuočių Coniferous	1000 m ³	2 993	4 482	8 624	29 224	45 360	63 650	34 385
Lapuočių Non-coniferous	1000 m ³	1 669	2 092	2 727	8 136	8 966	3 550	8 395
Medienos skiedros, pjuvenos ir atliekos Wood chips, particles, residues	1000 m ³	1 998	3 000	4 011	10 200	14 394	20 000	13 612
Medienos granulės ir kiti aglomeratai Wood pellets and other agglomerates	1000 t	271	1 226	1 553	1 530	291	1 960	2 240
Pjautinė mediena Sawnwood	1000 m ³	1 406	2 000	3 903	5 035	11 410	18 000	22 200
Pjautinė spygliuočių mediena Sawn softwood	1000 m ³	929	1 800	3 207	4 500	11 370	17 900	21 109
Pjautinė lapuočių mediena Sawn hardwood	1000 m ³	477	200	696	535	40	100	1 091
Lukštas Veneers	1000 m ²	79	115	-	54	57	35	87
Klijuotinė fanera Plywood	1000 m ²	44	55	280	420	1 140	60	114
Drožlių plokštės Particle board	1000 m ²	728	250	1 040	5 390	92	600	7 016
Orientuotų skiedrelių plokštės OSB	1000 m ²	-	-	598	750	-	-	1 398
Plaušų plokštės Fibreboard	1000 m ²	68	75	-	4 450	15	-	5 443
Kieta Hardboard	1000 m ²	68	-	-	120	15	-	2 396
Vidutinio tankio MDF	1000 m ²	-	-	-	3 550	-	-	1 502
Izoliacinė Insulating board	1000 m ²	-	75	-	780	-	-	1 546
Medienos plaušiena Wood pulp	1000 t	-	238	-	1 206	10 920	11 569	2 485
Makulatūra Recovered paper	1000 t	172	90	98	2 550	613	1 159	15 368
Popierius, kartonas Paper, paperboard	1000 t	109	71	43	3 062	4 150	6 068	11 393

Pastaba: FAO naudojami kombinuotos prekių nomenklatūros kodai nežymiai skiriasi nuo naudojamų 9 ir 10 leidinio skyriuose
Note: There are some differences between FAO used commodity codes of Harmonized System and codes used in chapters 9 and 10

Šaltinis: FAO
Source: FAO

Figure 12: Roundwood and forest industri products³¹

³¹ <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=32300>

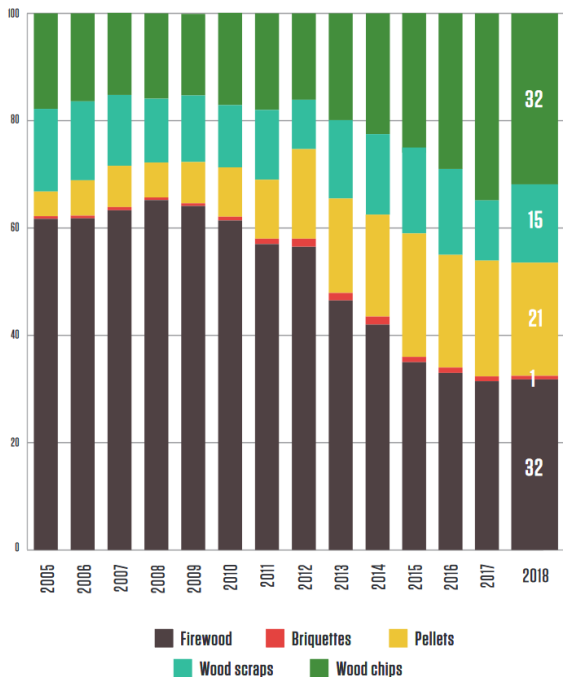


Figure 13: Latvia, types of energy wood in total output³²

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

N/A

2.5 Quantification of the Supply Base

Supply Base

- Total Supply Base area (ha): cumulative area of all forest types within SB
- Tenure by type (ha): privately owned/public/community concession
- Forest by type (ha): boreal/temperate/tropical
- Forest by management type (ha): plantation/managed natural/natural
- Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest)

Country	Privately owned (PR), Public (PU), Community concession	Boreal (BO), Temperate (TE), Tropical (TR)	Plantation (PL), Managed natural (MA), Natural (NA)	FSC ³³	PEFC ³⁴	TOTAL

³² https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf

³³ <https://ic.fsc.org/en/facts-and-figures>

³⁴ <https://www.pefc.org/discover-pefc/facts-and-figures>

	(CO) (mill. ha)	(mill. ha)	(mill. ha)	(mill. ha)	(mill. ha)	(mill. ha)
Denmark	PR 0,4 PU 0,2	TE 0,6	PL 0,6	0,2	0,3	0,6
Estonia	PR 1,0 PU 1,0 CO 0,4	BO 2,4	PL 0,3 MA 1,1 NA 1,0	1,5	1,2	2,4
Latvia	PR 1,9 PU 1,9	BO 3,8	PL 0,7 MA 3,1	1,0	1,7	3,8
Lithuania	PR 1,1 PU 1,1	BO 2,2	PL 0,5	1,1		2,2
Poland	PR 1,5 PU 7,6	TE 9,1	PL 9,0 MA 0,1	6,9	7,2	9,1
Total	PR 6,1 PU 11,6 CO 0,4	BO 8,4 TE 9,7	PL 11,1 MA 4,3 NA 1,0	10,7	10,4	18,1

Feedstock

f. Total volume of Feedstock:

- Denmark: 0-50.000 ton
- Estonia: 0-50.000 ton
- Latvia: 0-50.000 ton
- Lithuania: 0-50.000 ton
- Poland: 0-50.000 ton

g. Volume of primary feedstock:

- Denmark: 0-50.000 ton
- Estonia: 0-50.000 ton
- Latvia: 0-50.000 ton
- Lithuania 0-50.000 ton
- Poland 0-50.000 ton

h. Percentage of primary feedstock, by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:

- Denmark
 - i. Certified to an SBP-approved Forest Management Scheme 0-19%
 - ii. Not certified to an SBP-approved Forest Management Scheme 80-100%
- Estonia
 - i. Certified to an SBP-approved Forest Management Scheme 100%
- Latvia
 - i. Certified to an SBP-approved Forest Management Scheme 100%
- Lithuania
 - i. Certified to an SBP-approved Forest Management Scheme 100%
- Poland
 - i. Certified to an SBP-approved Forest Management Scheme 100%

i. List all species in primary feedstock, including scientific name

Species traded	Latin	Danish
Silver Fir	Abies alba	Ædelgran
Grand Fir	Abies grandis	Kæmpegran
Caucasian Fir	Abies nordmanniana	Nordmannsgran
Noble Fir	Abies procera	Nobilis
Maple	Acer pseudoplatanus	Ahorn
Common Alder	Alnus glutinosa	Rødel
Grey alder	Alnus incana	Grå-el
Green Alder	Alnus Alnobetula	Grønæl
Silver Birch	Betula pendula	Vortebirk
Downy Birch	Betula pubescens	Dunbirk
Hazel	Corylus avellana	Hassel
Mediterranean Cypress	Cupressus sempervirens	Almindelig cypres
European Beech	Fagus sylvatica	Bøg
Common Ash	Fraxinus excelsior	Ask
European Larch	Larix decidua	Europæisk lærk
-	Larix eurolepis	Hybridlærk
Japanese Larch	Larix kaempferi	Japansk lærk
Norway Spruce	Picea abies	Rødgran
White Spruce	Picea glauca	Hvidgran
Serbian Spruce	Picea omorika	Søjlegran
Sitka Spruce	Picea sitchensis	Sitkagran
Willow	Salix spp	Pileslægten
Sweet Cherry	Prunus avium	Kirsebær
Scots Pine	Pinus Sylvestris	Skovfyr
Dwarf Mountain Pine	Pinus mugo	Bjergfyr
Lodgepole Pine	Pinus contorta	Klitfyr
Eurasian Aspen	Populus tremula	Bævreasp
Gray poplar	Populus x canescens	Gråpoppel
Douglas-fir	Pseudotsuga menziesii	Grøn douglasgran
European Oak	Quercus robur	Stilkeg
Sessile Oak	Quercus petraea	Vintereg
Northern Red Oak	Quercus rubra	Rødeg
Northern White Cedar	Thuja occidentalis	Almindelig thuja
Western Red-cedar	Thuja plicata	Kæmpethuja
Western Hemlock	Tsuga heterophylla	Vestamerikansk hemlock

j. Volume of primary feedstock from primary forest

0 ton

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
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

0 ton

- I. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

0 ton

- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

0 ton

- * *Disclosure of the exact figures would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. Volumes are sensitive as they may give competitors and idea about capacity, resources and market share*

3 Requirement for a Supply Base Evaluation

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

As Verdo Trading sources most of its Danish feedstock from non-certified forests, the Danish supply base has been evaluated.

All feedstock from the supply bases Estonia, Latvia, Lithuania and Poland will be received with 100% PEFC certified or FSC 100% claims from forests and traders, therefore supplies from these countries are excluded from a SBE according to Standard 2, section 8.2.

4 Supply Base Evaluation

4.1 Scope

The Scope of VT Supply Base Evaluation covers feedstock sourced from the Danish Supply Base described in section 2.1.1 of this Supply Base Report.

Biomass traded under the Verdo Trading (VT) scope of SBP Biomass Producer is Woodchips and Fuel Woodlogs.

VT sources approx. one quarter of the feedstock under the scope of its SBP Producer Certification from the Danish Supply Base, which is not certified to an SBP-approved Forest Management Scheme. The other tree quarters originate from the other countries in the defined Supply Base.

The Supply Base evaluation is based on the SBP Standards 1 and 2.

With this Supply Base Evaluation VT wish to evaluate the levels of risk for all indicators in SBP standard 1. VT adopt the SBP endorsed Regional Risk Assessment for Denmark as its evaluation of the risks for Denmark.

For the time being, VT sources its Danish feedstock from suppliers evaluated either under the requirements of this evaluation on “Alternativ Dokumentation”³⁵ or from suppliers sourcing 100% PEFC certified and FSC 100% certified feedstock.

However there is still a need for thorough Systematic control on compliance with these requirements and VT will ensure close collaboration, evaluation and screening of the individual suppliers and their applicable sustainable forest managements.

As market and conditions available from each supplier can vary and change over time, it cannot be ruled out that at a later point of time VT might choose to introduce suppliers in the portfolio that is neither “Godkendt Biomasseproducent” nor evaluated according to the “Alternativ Dokumentation”. The risk assessment is based on available map material and databases as well as a review of the area before startup. A map and checklist is prepared for each job to ensure that the machine operator is aware of protected or preserved nature/culture.

A vast majority of the suppliers that are presently supplying VT with wood chips produced in Denmark, have been in the supplier portfolio for several years. Meaning 8 years or more. Only a few have been included in the portfolio during the last couple of years. This means the VT and the suppliers are having a very good and openminded cooperation for the benefit of both parties based on mutual trust, confidence and proven reliability.

Through the cooperation, it has become clear to VT, that the suppliers are sourcing their raw material on forest estates, private as public, that are all managed by professional forest management, one way or the other. Thus the supply chain, and the line of distance to responsible management and decisionmakers is very short.

³⁵ <https://www.dmoqe.dk/skov/godkendt-biomasseproducent>

4.2 Justification

As stated in description of the scope of this Supply Base Evaluation it is based on the SBP standards and the purpose by it, is to define, evaluate and where necessary mitigate the risks identified within the Supply Base by including the SBP endorsed Regional Risk Assessment for Denmark.³⁶

The majority of the private Danish forests do not hold a SBP-approved Forest Management Scheme, all state owned forests holds an SBP-approved Forest Management Scheme. VT source the majority of its Danish feedstock from private forest estates.

All sourcing in Denmark is based on suppliers having been evaluated for the “Alternativ Dokumentation” or suppliers holding SBP, PEFC or FSC certification

4.3 Results of Risk Assessment

With the use of the Regional Risk Assessment, VT has concluded that there is low risk for all indicators except for four. These four indicators are found to have “specified risk”.

The four indicators are as follows:

- 2.1.1 Forests and other areas with high conservation values in the Supply Base are identified and mapped.
- 2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.
- 2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state.
- 2.2.4 Biodiversity is protected.

VT has defined, described and implemented mitigation measures for the four indicators via suppliers being evaluated against the system for “Alternative Documentation”.

Based on the National Risk Assessment, VT concluded that the supply base can be divided into the following sourcing types:

1. Primary feedstock from FSC or PEFC certified forests
2. Primary feedstock from forests with a green management plan
3. Primary feedstock from even-aged stands of non-native coniferous trees
4. Primary feedstock from thinnings of first generation forest estates
5. Primary feedstock from unevenaged forest stands or stands of broadleaved trees
6. Primary feedstock from windbreaks, non-forest areas such as city and park areas, nature projects

³⁶ https://sbp-cert.org/wp-content/uploads/2018/12/SBP-endorsed-RRA-for-Denmark-RRA_Jun-17.pdf

4.4 Results of Supplier Verification Programme

All indicators in the RRA for Denmark has been settled as “specified risk” and “low risk”. *Therefore, and according to SBP standard 2 section 9.2, no Supplier Verification Programme has been developed.*

4.5 Conclusion

VT has defined the part of its Supply Base which needs to undergo an evaluation.

Furthermore there has been a Risk Assessment – a definition, evaluation of Risks and description of specified risks and adequate mitigating measures to minimise the specified risks defined by the SBP endorsed Regional Risk Assessment for Denmark.

Finally VT has developed and implemented a programme, with a checklist for evaluation and screening of its suppliers.

By the fact that the feedstock sourced by VT is either under the scope of already evaluated and approved “Godkendt Biomasse Producent “ or of a FSC, PEFC or SBP certificate, VT concludes to have a well prepared and strong system for assuring compliance with the SBP standards.

The distance to the forests by the fact that VT does not own forests or have its own forest management however constitutes a weakness

This calls for thorough and continuous control and evaluation of the system of the suppliers but not least this of VT. This process is though strengthened by the fact that VT has had a close collaboration with the suppliers for several years.

5 Supply Base Evaluation Process

VT has adopted the SBP Endorsed Regional Risk Assessment for Denmark for this SBE

Under the scope of its SBE – the Danish Supply Base, VT only source feedstock from suppliers with a SBP-approved Forest Management Scheme or suppliers evaluated under the requirements of “Alternativ Documentation” and referred to as “Godkendt Biomass Producent”. It is specifically emphasized in all contracts signed with Danish producers, that, if material is not delivered with a FSC or PEFC claim, they have to comply with the requirements of Alternative Documentation, and thus have procedures in place to ensure applicable risk mitigation. As for these “Godkendt Biomasse Producent”, VT will monitor and screen their compliance with the requirements on risk mitigation in relations to any identified risks.

In any case, VT will sample, monitor and screen material produced in its Supply Base according to the SBP Feedstock Monitoring Program. The SBP Feedstock Monitoring Programme is described in section 9 of this SBR.

In house competences:

Benny Corneliussen:

Forest and Landscape Engineer and former Forest Estate Manager.

Main Responsible for VT Sustainability Certificates and responsible for national and international sourcing of sustainable wood.

Line Risgaard Mortensen:

Responsible for Sustainability – Certificates, procedures and documentation at Verdo Trading A/S.

External competences:

Anders Bjørnkjær-Nielsen:

Master of Science in Forest Management (2001) and a Graduate Diploma in Financial Accounting (2010).

Since 2016 he has been the founder and co-owner of B4Trees a socio-economic company based in Denmark and Burkina Faso, specialized in assisting companies with FSC / PEFC / SBP certification and trade in food and cosmetic oils from West African trees.

6 Stakeholder Consultation

This Supply Base Report is presentet in VT web site www.Verdo.com

Danmarks Naturfredningsforening (Danish Society for Nature Conservation)	Nora Skjerna Hansen	nsh@dn.dk
FSC Danmark	Søren Dürr Grue	s.grue@dk.fsc.org
Verdens Skove (Forests of the World)	General contact email	info@verdensskove.org
WWF	Thor Hjarsen	t.hjarsen@wwf.dk
Copenhagen University	Vivian Kvist Johansen	vkj@ign.ku.dk
PEFC Danmark	Morten Thorø	mt@pefc.dk
Dansk Energi (Danish Energy)	Kristine van het Erve Grunnet	keg@danskeenergi.dk
Dansk Fjernvarme (Danish District Heating Association)	Maria Dahl Hedegaard	mh@danskfjernvarme.dk
Dansk Skovforening (Danish Forest Association)	Hans Maltha Hedegaard	hmh@skovforeningen.dk
Energistyrelsen (Danish Energy Agency)	Lars Martin Jensen	lamj@ens.dk
Ørsted	Peter Kofod Kristensen	pekkr@orsted.dk
HOFOR	Sune Balle Hansen	subh@hofor.dk
Friluftsrådet (National Federation of Outdoor Recreation)	Jakob Arendrup Nielsen	jni@friluftstraadet.dk
BAT Kartellet	Gunde Odgaard	gunde.odgaard@batkartellet.dk
Naturstyrelsen (Danish Nature Agency)	General contact email	nst@nst.dk
Silkeborg Kommune – Teknik og miljøafdelingen	General contact email	kommunen@silkeborg.dk
Viborg Kommune – Teknik og Miljø	General contact email	naturogvand@viborg.dk
Syddjurs Kommune – Teknik og Miljø	General contact email	syddjurs@syddjurs.dk
Norddjurs Kommune – Teknik og Miljø	General contact email	norddjurs@norddjurs.dk
Skanderborg Kommune – Teknik og Miljø	Hans Brok-Brandi	Hans.brok-brandi@skanderborg.dk

6.1 Response to stakeholder comments.

The Stakeholder consultation period has now ended, and there has been no comments.

7 Overview of Initial Assessment of Risk

VT has adopted the SBP endorsed Regional Risk Assessment for Denmark covering all of Denmark and therefore all of VT Supply base under the scope of this Supply Base Evaluation

As stated in section 4.3 of this report, there has been found only four indicators which are not found to be low risk. These four indicators have been described as specified risk and are being mitigated by defined measures.

Based on the National Risk Assessment, VT has concluded:

1. Primary feedstock from FSC or PEFC certified forests - **always low risk**
2. Primary feedstock from forests with a green management plan - **specified risk**
3. Primary feedstock from even-aged stands of non-native coniferous trees- **always low risk**
4. Primary feedstock from thinnings of first generation forest estates - **always low risk**
5. Primary feedstock from unevenaged forest stands or stands of broadleaved trees - **specified risk**
6. Primary feedstock from windbreaks, non-forest areas such as city and park areas, nature projects - **always low risk**

Table 1. Overview of results from the risk assessment of all Indicators

Indicator	Initial Risk Rating			Indicator	Initial Risk Rating		
	Specified	Low	Unspecified		Specified	Low	Unspecified
1.1.1		X		2.3.1		X	
1.1.2		X		2.3.2		X	
1.1.3		X		2.3.3		X	
1.2.1		X		2.4.1		X	
1.3.1		X		2.4.2		X	
1.4.1		X		2.4.3		X	
1.5.1		X		2.5.1		X	
1.6.1		X		2.5.2		X	
2.1.1	X			2.6.1		X	
2.1.2	X			2.7.1		X	
2.1.3		X		2.7.2		X	
2.2.1		X		2.7.3		X	
2.2.2		X		2.7.4		X	
2.2.3	X			2.7.5		X	

2.2.4	X		
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

All indicators in the RRA for Denmark has been settled as “specified risk” and “low risk”. Therefore, and according to SBP standard 2 section 9.2, no Supplier Verification Programme has been developed.

8.2 Site visits

No unspecified indicators were identified in the RRA for Denmark

8.3 Conclusions from the Supplier Verification Programme

No unspecified indicators were identified in the RRA for Denmark

9 Mitigation Measures

9.1 Mitigation measures

Introductory remarks:

As for material sourced originating from the Danish part of its Supply Base (where SBE is performed), VT only source material that comes with a fully applicable claim from a SBP-approved Forest Management Scheme, OR alternatively from suppliers who on an individual basis have been evaluated positively for the “Alternativ Dokumentation” evaluation or suppliers who are part of the group “Godkendt Biomasseproducent” and also have been evaluated according to the “Alternativ Dokumentation” evaluation by NEPCon. In any case, VT will sample, monitor and screen material produced in the Danish part of its Supply Base according to the SBP Feedstock Monitoring Program as described in section 5:

VT’s mitigation measures are based on the finding that, the mitigation measures for compliance with “Alternativ Dokumentation” evaluation are identical with the mitigation measures for the specified risks identified in the RRA for Denmark³⁷. Therefore, when suppliers evaluated for the “Alternativ Dokumentation” evaluation have implemented procedures in order to identify specified risk and to mitigate any such risks, then the material can be categorized as SBP compliant. If suppliers are not able to mitigate the risk for any part of the biomass, then it will not be categorized as SBP compliant.

VT will follow the developments in the RRA for Denmark and the procedures developed for “Alternativ Dokumentation”/“Godkendt biomasseproducent” in order to assure that its suppliers fully mitigate the specified risks identified. When the RRA for Denmark is updated, VT will assure that updates are implemented in the “Alternativ Dokumentation”/“Godkendt biomasseproducent” evaluations.

Suppliers delivering feedstock which is categorized as SBP compliant will be monitored strictly by VT “SBP biomass monitoring program.

The “SBP Feedstock monitoring program” is controlled by Benny Corneliussen.

Risk assessment

In all new biomass projects the areas on which biomass is harvested will be screened according to the following indicators: 2.1.1, 2.1.2, 2.2.3 and 2.2.4 where a specified risk has been identified. The risk assessment is based on available map material and databases as well as a review of the area before startup. A map and checklist is prepared for each job to ensure that the machine operator is aware of protected or preserved nature/culture.

The risk assessment is divided into six categories:

1. Primary feedstock from FSC or PEFC certified forests - **always low risk**
2. Primary feedstock from forests with a green management plan - **specified risk**
3. Primary feedstock from even-aged stands of non-native coniferous trees- **always low risk**
4. Primary feedstock from thinnings of first generation forest estates - **always low risk**
5. Primary feedstock from unevenaged forest stands or stands of broadleaved trees **specified risk**

³⁷ <https://www.nepcon.org/da/library/standard/krav-til-alternativ-dokumentation-sbp>

6. Primary feedstock from windbreaks, non-forest areas such as city and park areas, nature projects - **always low risk**

The risk assessment is carried out by the supplier. If a specified risk is identified then an assessment performed by a forester/biologist/graduate in forestry will be conducted. The forester/biologist/graduate shall be familiar with identifying key biotopes according to the key biotope type catalogue or similar.

Risk handling

VT contractually agrees with all suppliers that:

- They have a valid evaluation for "Alternativ Dokumentation" or are "Godkendt biomasseproducent"
- They have implemented the system and procedures effectively in their organization
- All biomass delivered to VT will be mitigated to "low-risk" according to the requirements in "Alternativ Dokumentation" or "Godkendt biomasseproducent"

Further VT contractually agrees with suppliers that:

- Staff carrying out screenings and planning of the projects are familiar with applicable nature and environment legislation.
- Activities are planned to minimize the negative effect on ecosystems, biodiversity and areas worth preserving.
- Areas where wood chips are harvested must be examined before startup by a physical review and must be mapped.
- All procedures shall be explained in the suppliers manuals.
- A map will be prepared for each wood chip project, with identification of origin of the wood chips to the location of the tree stump. If maps have been prepared in connection with certification or a green management plan, these maps must be used in the process in order to ensure HCV areas.
 - o When the work area is located in a forest, it will be screened according to the checklist in the suppliers manual
 - o If the project consists of thinning in an afforestation or thinning and clearfelling of even-aged stands of non-native coniferous trees, screening may be omitted. Legality must be ensured.
 - o If the work area is located outside a forest, screening may be omitted. Legality must be ensured.
 - o Each wood chip project is given a unique case number and address which also appear on the project description, weighing forms and basis of settlement. Ensure traceability.
 - o Each wood chip project has a checklist with relevant information. Ensure excellent communication between the various parties in the work process and note down all relevant data which the machine operator needs.
- In order to identify areas with high natural values during the work, machine operators working with woodchip production in the forest are encouraged to be trained in "Operation of machines in areas close to nature".

SBP Feedstock monitoring program

The following rules / mechanisms defines the methodology and frequency of Projects selected for On-Site monitoring for each Supplier:

When starting up a new supplier, the following Feedstock monitoring program will apply for each individual supplier:

1.0

100% of Invoices will be checked by receipt against applicable information and documentation

2.0

Whatever number is the highest are chosen for a field visit and on-site check:

Every 5th project – equivalent to 20% of all projects,

OR the square root of total number of projects

If a discrepancy is found during a field visit, the frequency of projects chosen for on-site field visits will increase to whatever number is the highest:

Every 3rd project – equivalent to approx. 30% of all projects,

OR the square root of total number of projects

If discrepancies continue, the supplier is advised to consult it's certification body/certification group leader for clarification of the issues leading to discrepancies. Meanwhile VT increase sampling to up to 100% depending on the issue.

VT will share and communicate its findings about discrepancies as well as about good and functional mitigation programs with the individual supplier.

Supplies with discrepancies not concluding low-risk will be rejected as non-compliant due to a major default as per contract.

3.0

By the end of every month, the number of month, AND the number of projects delivered since start-up, or since last discrepancy (if any) found during a field visit, will be calculated and the sample frequency to apply will be decided in accordance to the following options 3.a or 3.b:

3.a

When no discrepancy has been registered during a field visit for a period of 6 month, the frequency of projects chosen for on-site field visits will be whatever number is the highest:

Every 5th project – equivalent to 20% of all projects,

OR the square root of total number of projects

3.b

When no discrepancy has been registered during a field visit for a period of 12 month, the frequency of projects chosen for on-site field visits will be the square root³⁸ of the total number of projects delivered since start-up, or since last discrepancy (if any) found during a field visit.

A report for each supplier covering the projects monitored shall present findings, conclusions and corrective actions agreed upon with the supplier.

³⁸ <https://www.surveysystem.com/sscalc.htm>

VT will assure compliance with updated requirements from the SBP and keep up to date if changes should occur, that has impact on and relevance for this Supply Base Evaluation.

VT itself has been responsible for the preparation of SBE in close cooperation with external consultant.

9.2 Monitoring and outcomes

Both the functionality of the mitigation measures as well as projects will be monitored on a pending and annual basis via the internal monitoring program.

Mitigation Measures

Mitigation measures will be checked on a pending basis. Especially, VT will follow the developments in the RRA for Denmark and the procedures developed for “Alternativ Dokumentation”/”Godkendt Biomasseproducent” in order assure that its suppliers fully mitigate the specified risks identified. VT’s “SBP Biomass monitoring program” will be evaluated with focus on findings from the field based controls.

SBP Feedstock monitoring program

Suppliers and deliveries are monitored according to the SBP Feedstock Program as described in section 5.

It should be highlighted that:

- By introduction of new suppliers, a high sampling frequency will ensure reliability of Monitoring program
- To ensure maximum quality and reliability in the monitoring process, no Desk Monitoring, but only on-site Field Monitoring is performed
- A progressing sampling procedure is installed in case of discrepancies found during monitoring
- Only by proven long time reliable performance suppliers can qualify for the entended sampling frequency³⁹ of the square root of number of projects

³⁹ <https://www.surveysystem.com/sscalc.htm>

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in SBP endorsed Regional Risk Assessment for Denmark⁴⁰.

⁴⁰ https://sbp-cert.org/wp-content/uploads/2018/12/SBP-endorsed-RRA-for-Denmark-RRA_Jun-17.pdf

11 Review of Report

11.1 Peer review



The SBR has not been subject to a peer review, as it is based on the SBP endorsed Regional Risk Assessment for Denmark.

The SBR can be found on <https://www.verdo.com/media/5751/sbp-supply-base-report-verdo-trading-as.pdf> and has been sent to Stakeholders – see section 6 of this SBR.

11.2 Public or additional reviews

The SBR has been subject to 30 day stakeholder consultations from both the Biomass Producer and the CB.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:		<i>Sustainability Coordinator</i>	<i>30.06.2020</i>
	Name: <i>Line Risgaard Mortensen</i>	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>Bioenergy Manager</i>	<i>30.06.2020</i>
	Name: <i>Benny Corneliusen</i>	Title	Date
Report approved by:		<i>Administration Manager</i>	<i>30.06.2020</i>
	Name: <i>Henrik Nørbo Mosegaard</i>	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

Once every year and prior to the External Audit VT will conduct a internal audit to control and screen its compliance with the requirements of the SBP Biomass Producer certification and based on section 13.1, 13.2 and 13.3 of this SBR.

13.1 Significant changes in the Supply Base

N/A

13.2 Effectiveness of previous mitigation measures

N/A

13.3 New risk ratings and mitigation measures

N/A.

13.4 Actual figures for feedstock over the previous 12 months

N/A*

13.5 Projected figures for feedstock over the next 12 months

Bands are:

1. 0 – 200,000 tonnes*

* Disclosure of the exact figures would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. Volumes are sensitive as they may give competitors and idea about capacity, resources and market share