



Supply Base Report:

Skovdyrkerforeningen Øerne A.M.B.A.

Fourth Surveillance Audit

www.sbp-cert.org



The promise of good biomass



Completed in accordance with the Supply Base Report Template Version 1.4

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019; re-published 3 April 2020

Version 1.4 published 22 October 2020

Contents

- 1 Overview**
 - 2 Description of the Supply Base**
 - 2.1 General description
 - 2.2 Description of countries included in the Supply Base
 - 2.3 Actions taken to promote certification amongst feedstock supplier
 - 2.4 Quantification of the Supply Base
 - 3 Requirement for a Supply Base Evaluation**
 - 4 Supply Base Evaluation**
 - 4.1 Scope
 - 4.2 Justification
 - 4.3 Results of risk assessment and Supplier Verification Programme
 - 4.4 Conclusion
 - 5 Supply Base Evaluation process**
 - 6 Stakeholder consultation**
 - 6.1 Response to stakeholder comments
 - 7 Mitigation measures**
 - 7.1 Mitigation measures
 - 7.2 Monitoring and outcomes
 - 8 Detailed findings for indicators**
 - 9 Review of report**
 - 9.1 Peer review
 - 9.2 Public or additional reviews
 - 10 Approval of report**
- Annex 1: Detailed findings for Supply Base Evaluation indicators**

1 Overview

Producer name: Skovdyrkerforeningen Øerne A.M.B.A.

Producer address: Dambosvej 11 5492 Vissenbjerg , Denmark

SBP Certificate Code: SBP-01-75

Geographic position: 55.3931, 10.1341

Primary contact: Rasmus Gregersen, +45 7586 7388,rgg@skovdyrkerne.dk

Company website: -

Date report finalised: 05 Mar 2021

Close of last CB audit: 22 Jan 2021

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 1: Feedstock Compliance Standard, SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3

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

SBP Endorsed Regional Risk Assessment: Denmark

Weblink to SBR on Company website: <http://www.skovdyrkerne.dk/oer/>

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

2 Description of the Supply Base

2.1 General description

Feedstock types: Primary

Includes Supply Base evaluation (SBE): Yes

Feedstock origin (countries): Denmark

2.2 Description of countries included in the Supply Base

Country:Denmark

Area/Region: ØERNE is mainly harvesting biomass in region `Syddanmark, `Sjælland` and `Hovedstaden`

Exclusions: No

Most of the activities and operations takes place in forests owned by the members of ØERNE – which also enjoys certain advantages compared with other forest owners (non-members). However, buying / selling forest produce and services from / to other forest owners also takes place, as well as buying / and selling forest produce on a trading basis.

- Biomass sourced from third party has to undergo the procedures in the Supplier Programme to determine whether it can be considered sustainable according to the SBP standard.

The scope of this Supply Base Report is restricted to primary feedstock. As an operator closely connected to the forests, ØERNE does not work with secondary or tertiary feedstock at all.

- The stakeholder involvement secures that the description is made in consensus with other stakeholders - even if we at ØERNE are a bit more optimistic in our view on the current status in the Danish forests, we in this manner includes the precautionary principle in our approach.

The terrestrial environment of Denmark is divided between two EU biogeographical regions by means of a north-south divide through the middle of the Jutland Peninsula: 1) the Atlantic region, covering the western part of Jutland and the Continental region, and 2) the Continental region covering the eastern part of Jutland and Denmark's islands. These regions are used by the Danish Nature Agency under the Ministry of the Environment and Food to the EU Commission to report on the status and management results of Natura 2000 conservation areas.

In the early 1800's, the forest cover in Denmark is estimated to have been as low as 3-4% of the total land area. Deforestation was caused by logging for timber and firewood and for animal grazing areas. Denmark's first forest legislation came into force in 1805. Its main objective - as wells as following Danish forest acts - has been to maintain the forest covered area and to protect the existing forest from overexploitation, premature felling and grazing by farm animals. In the mid nineteenth century, intensive / structured forest management became widespread and large afforestation projects were carried out. Today approximately 14% (615,000 hectares) of Denmark's land area is covered by various types of forest.

According to the Danish National Forest Inventory, conducted by the Danish Nature Agency, 41% of Denmark's forest area is dominated by broadleaved trees, 39% by coniferous tree species, 11% by a mixed coniferous and broadleaved tree species, 5% are Christmas tree plantation (located within all the above forest types) and 4% of the area is unstocked, e.g., log loading and landing yards, fire prevention areas etc. Furthermore, 67% of the Danish forest area is covered with even-aged planted stands, 9% being even-aged stands from natural regeneration, 10% being un-even-aged managed and 6% of the forest area is uneven-aged natural forest. The latter represent pockets forests that would be closest to what is considered of natural forest stands having retained or regained natural forest characteristics; which can be found in forests both under private and public ownership and they are predominantly located in the Continental region (east Jutland and the isles). The location of these natural forest stands is generally well-known, but some may still be unidentified.

Of Denmark's 615,000 hectares of forest, 440,000 hectares are managed as forest reserves (called 'fredskov' in Danish) governed under the Danish Forest Act. The Forest Act permits forest management activities within these areas; however, Article 8 requires the managed area shall regain forest cover within 10 years from felling, that a maximum of 10% of the forest area can be used for short rotation Christmas trees or greenery production (e.g., cuttings typically from *Abies procera*), and another maximum of 10% of the area can be used for coppicing or for animal forest grazing. The Forest Act also protects streams and wetlands in forests that are not covered by the Nature Protection Act or under the Ministry of Environment or local authorities. It stipulates that lakes, bogs, heathlands, species-rich grasslands, coastal grasslands and bogs and fens located in "fredskov" forest reserve may not be planted or cultivated, drained or in other way changed. It is also important to note the Forest Act does not include many regulations regarding, e.g. harvesting, planting or thinning.

There are 79,000 hectares of forests designated as Natura 2000 areas (13% of the Danish forest area) which have some overlap with the 74,900 hectares forests and other natural areas designated under the EU Habitat Directive, 51,500 hectares under the EU Birds Directive and 13,900 hectares as Ramsar sites. A harvest permit must be obtained from the Danish Nature Agency to conduct any timber harvesting activities within Natura 2000 forests; permits are given provided that the forest ecosystem will not be degraded. Issuing such permit is to be regarded more as an exception than common practice.

In relation to HCV category 3, it is worth noting that although the Forest Act §25 sets standards for registering 'especially valuable forests' i.e., valuable in terms of their biodiversity and conservation value, and accompanying appropriate conservation management activities for these areas, these areas have not yet been registered by the Danish Nature Agency. Danish forests biodiversity and conservation values have been surveyed by Department of Geosciences and Natural Resource Management at Copenhagen University through a sampling methodological approach. Therefore, not all forest areas have been systematically surveyed, particularly small privately forests areas. The task of systematically surveying 'especially valuable forests' will be carried out by the Danish Nature Agency in the years 2016 - 2019.

Forest ownership in Denmark is divided by private forests owners, (70%), State and Municipal owners (24%), trust funds or foundations (4%) and unknown owners (2%). There exist app. 26.000 forest estates in Denmark, and the ownership structure is characterised by that e.g. 90% of the owners holds less than 20 ha covering only 20% of the total forest area. Whereas only app. 2% of the owners holds more than 100 ha, but covers almost 65% of the total forest area.

In general, the biodiversity in the Danish forests are affected by the historic development. In the beginning of the 18th century the forest cover was reduced to a few percent of the land coverage. In 1805 the forest act was implemented for all most all the forests at that time. The intensive afforestation that followed largely coincided with the industrialisation. This shifted focus from firewood to the production on timber, and over the next 200 years' the use of exotic tree species, in particularly coniferous species was dominating. The

afforestation largely took place on impoverished open land. Within the existing (degraded) forests the immediate consequence of the Forest Act was that the forest cover became denser because the trees and the regeneration was protected from the grazing livestock, and degraded / open areas replanted. The actions initiated 200 years ago, with afforestation on open land and reforestation in the forest remnants have had a great impact on the biodiversity and we are therefore bound to stop additional reduction of biodiversity in forest. In particular in the latter forest category.

Today there is a significant focus on preserving and even increasing the biodiversity in the forest. The awareness of this issue is an important aspect in sustainable forest management, where a lot of considerations must be balanced.

Danish forest have been surveyed by Department of Geosciences and Natural Resource Management at Copenhagen University by means of a sample methodology and their biodiversity and conservation values have been documented under the Danish National Forest Inventory (NFI) hosted by the Danish Nature Agency. (Latest in 2015)

Approximately, over 6,300 species in 8 major species groups in Denmark have been assessed according to IUCN Red List criteria, and just over 1,500 or 24% of these have been red-listed. Forests constitute 52% of the habitat affiliations for red-listed species. Furthermore, areas enjoying protection under the Forest Act, Natura 2000 and/or the Nature Protection Act are also mapped and available online via the Danish Nature Agency's digital nature map. Biodiversity data is updated regularly by the Danish Nature Agency and, as mentioned above, the Agency will be completing the registration of "especially valuable forest" over 2016 - 2019. There is one forest area in North Zealand which is listed as UNESCO world heritage due to its historical significance as royal 'Parforce' hunting grounds landscape as, the site demonstrates the application of Baroque landscaping principles to forested areas.

Final harvest sampling programme

ØERNE approach to forest management and harvesting operations is to optimize the overall economic output for the forest owner. There is a strong economic driver for choosing any other assortment than round wood for energy – as shown in the below sample plot.

Table 1: Final Harvest Sampling. Data from one representative sample plot indicating, that round wood end use as biomass only constitutes 11% of volume and 7% of value in final harvesting in mature stands (over 40-year rotation age). Please note that the forest owner has at least 36% gain from any other end use than biomass.

The minimum quantity threshold for making High-Value timber in smaller projects is normally one truckload (40 kfm).

Proportions of SBP feedstock product groups

Total volume of Feedstock: 0 – 200.000 tonnes pr. year (specific number is reported to the CB – and it is commercially sensitive information. Skovdyrkerne has no dominant position in the market place).

2.3 Actions taken to promote certification amongst feedstock supplier

ØERNE have since 2007 been approved to hold a PEFC group forest management as well as CoC certificate. This was followed by a FSC group forest management certificate in 2010.

ØERNE has embraced the SBP standard as a mean to ensure the procurement of sustainable biomass in a scheme that is affordable for small scale forestry. Skovdyrkerne have been a strong driver and stakeholder in the process towards a Regional Risk Assessment on a national level in Denmark.

ØERNE implements the SBP risk assessment and mitigation measures in procurement of all primary feedstock - both biomass and timber - and through our Supplier Programme we reach out to further increase the level of sustainability within our geographical work range.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 0,29
- b. **Tenure by type (million ha):**0.22 (Privately owned), 0.07 (Public)
- c. **Forest by type (million ha):**0.29 (Temperate)
- d. **Forest by management type (million ha):**0.22 (Plantation), 0.70 (Managed natural)
- e. **Certified forest by scheme (million ha):**0.05 (FSC), 0.06 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Mix of the above

Explanation: Skovdyrkerne Øerne estimate the feedstock inputs as follows. Final Harvest from (semi-) natural forest:8% Residues without stumps (e.g. branches and tops) and 12% Low grade stemwood (co-product). Thinning from (semi-) natural forest: 20% Residues without stumps (e.g. branches and tops) and 30% low grade stemwood (co-product). Other trees from parks or landscape: 30% residues without stumps (e.g. branches and tops). Before reforestation, clearfelling is mostly being practiced in coniferous stands whereas in stands of broadleaved treespecies the dominant method is self-rejuvenation and targeted diameter felling. Clearfelling of areas larger than 5 hectare is being limited. Thinning regimes are normally within the A-D intensity where simply explained A-thinning leaves about 100% trees growing and D-thinning leaves about 50% of trees growing. The A-D thinning regimes assures stable, good and continued growth. Thinnings are carried out by harvesters and sorted and forwarded by forwarding machines. Manual labor is mainly used for overturning large-diameter broadleave trees of high value.

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

Explanation: For the following purposes: - Nature conservation - Leisure and sport - Hunting - Sale of hard- and softwood

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: General practice is, that completed forest stands are replanted within 1 to 5 years or left for natural regeneration - where a viable forest is achieved withing 5 years. This, because the silvicultural challenges of establishing forest becomes harder with e.g. grasses prolonging the establishment period - more problems the longer time that the forest owner waits with reforestation or other nature conservation activities. The following is from the guidelines to the Danish Forest Act. §1 Areas subject to the protected forest obligation must be overgrown with trees that are or can become high-stemmed forest. The operation of protected forest obliged areas is based on a holistic view. ... The use of a holistic consideration in the administration of the law and in the operation of the forests means that all the considerations mentioned in the provision (§ 1, subsection 3, ed.) Must be included in the decision-making process regarding the future dispositions for the individual protected forest obliged area. The holistic consideration applies - as under the current law - to the individual protected forest obliged area, ie. for the physical aggregate unit constituting 'a

forest'. The overall consideration therefore implies that an area subject to the protected obligation, where all stands are operated so that they only cater for one consideration, does not live up to the intentions in the bill. The following applies to the individual forest areas with protected forest obligation: - The area must meet the requirement in no. 1 within the last 10 years after the completion of a mature stand. The comments on § 8, no. 3: "Ad No. 3) The provision maintains the obligation in section 17 (1) of the current Act. 2, to rejuvenate the forest. According to the current law, there has been a practice for the rejuvenation to be completed within a period of 3-4 years. According to the proposal, there is a period of 10 years from the time when the existing vegetation is phased out until the area must be overgrown again in a way that ensures that closed high-stemmed forest is formed. This applies regardless of the rejuvenation method used. Thus, natural overgrowth can be used as a rejuvenation method without dispensation. As far as possible, large, cohesive, mature stands should be avoided at once (mono cultures). Reindeer herding should be avoided for environmental reasons, but also because it can cause the area to grow with grass and weeds, which makes it difficult and expensive to re-establish forest. Although there is a deadline of 10 years to establish a culture that can form closed forest of high-stemmed trees, a sustainable operation will in many cases mean that a new culture should be established relatively soon after completion. Lack of canopy cover, especially in frost-exposed localities that grow with grass and weeds, can make it difficult and expensive to establish trees on the area if the culture is only established 5-10 years after drift. "

<https://mst.dk/erhverv/skovbrug/lovgivning/vejledning-om-skovloven/8/#4>

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? No

Explanation: In general no. However some coniferous stands attacked by micans or similar diseases are removed as part of a local pest/disease control.

Feedstock

Reporting period from: 2020-01-01

Reporting period to: 2020-12-31

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: 1% - 19%
 - Not certified to an SBP-approved Forest Management Scheme: 80% - 100%
- d. **List of all the species in primary feedstock, including scientific name:** Acer pseudoplatanus (Sycamore); Fraxinus excelsior (Ash); Betula pubescens (White birch); Betula pendula (Silver birch); Pinus mugo (Mountain pine); Populus tremula (Aspen); Fagus sylvatica (Beech); Pinus contorta (Lodgepole pine); Chamaecyparis lawsoniana (Lawson cypress); Pseudotsuga menziesii (Douglas fir); Quercus robur (Common oak); Quercus petraea (Sessile oak); Ulmus glabra (Mountain elm); Juniperus communis (Juniper); Abies grandis (Grand fir); Aesculus hippocastanum (Horse chestnut); Picea glauca (White spruce); Tilia cordata (Common lime); Larix decidua (European larch); Larix kaempferi (Japanese larch); Larix eurolepis (Dunkeld larch); Abies procera (Noble fir); Abies nordmanniana (Nordmann fir); Picea omorika (Serbian spruce); Populus spp (Poplar); Quercus rubra (Northern red oak); Alnus glutinosa (Common alder); Picea abies (Norway spruce); Picea sitchensis (Sitka spruce); Pinus sylvestris (Scots pine); Acer platanoides (Maple); Taxus baccata (Yew); Thuja plicata (Western red cedar); Tsuga heterophylla (Hemlock); Abies alba (Silver fir); Pinus nigra (Austrian pine);
- e. **Is any of the feedstock used likely to have come from protected or threatened species? No**
 - Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A

- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 80,00
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 20,00
- h. **Proportion of biomass composed of or derived from saw logs (%):** 5,00
- i. **Specify the local regulations or industry standards that define saw logs:** DS/EN 844:2019; The Danish Forest Association also defines these, for members however:
<https://www.skovforeningen.dk/nyhed/find-handelsbetingelserne-for-trae-i-raatraehaeftet/>
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 11,00
- k. **Volume of primary feedstock from primary forest:** 0 N/A
- l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. **Volume of secondary feedstock:** 0 N/A
- Physical form of the feedstock: N/A
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock: N/A

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	95,00	2,00	3,00	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

Is Supply Base Evaluation (SBE) is completed? Yes

A SBE was included as only about 5% of the forests in the supply base had a SBP approved forest management scheme. Therefore, in order to be able to supply volumes of SBP compliant biomass, the SBE was included.

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: Primary

SBP-endorsed Regional Risk Assessments used: Denmark

List of countries and regions included in the SBE:

Country Denmark

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.

On basis of the SBP-endorsed Regional Risk Assessment for Denmark (June 2017), section 2.1.1, it is concluded that there is a specific risk that at least locally important Key Biotopes in forests have not yet been identified and mapped, and may therefore be at risk from threats due to sourcing of biomass. However, it is also concluded that some source types are inherently low in key biotopes, such as first generation afforestation areas or even-aged stands of conifers.

Country Denmark

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.

With reference to section 2.1.2 in the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) please see Indicator 2.1.1 (in the RRA Denmark) for discussion regarding the risk designation for identification and mapping of HCVs.

Source Types

Source Types and their risk levels There can be defined different “source types” e.i. sources of biomass feedstock that share properties with regard to presence, mapping and protection HCVs, including Key biotopes and biodiversity in a broader sense, the following source types are defined and their risk levels assessed:

1. Feedstock originating from FSC or PEFC certified forests:

Feedstock originating from FSC or PEFC certified forests is recognised by SBP as sustainable. The certification standards include requirements for identification, mapping and protection of HCV and FMUs that have carried out sufficient mapping and implemented procedures to ensure proper protection of HCV's can provide assurance of compliance with these requirements through certification. Risk is evaluated as LOW

It is a requirement for receiving subsidies for developing a Green Management plan that HCV areas in the forest are identified and mapped. However, there is no strict requirement that the HCVs are monitored and protected from forest management, and therefore risk is evaluated as SPECIFIED.

Based on feedback from several stakeholders and key experts, is concluded that the chance of key biotopes being under threat from thinning operations in even-aged conifers in Danish forests, and taking into account existing mapping of other HCV categories the risk is assessed as being LOW

4. Feedstock from thinning in first generation afforestation areas:

Based on feedback from several stakeholders and key experts, is concluded that the chance of key biotopes being under threat from thinning operations in first generation afforestation areas, and taking into account existing mapping of other HCV categories the risk is assessed as being LOW

5. Feedstock from uneven-aged stands or stands of broadleaf species:

Due to no legal requirement for identification and mapping of Key biotopes, it is assessed that for all other forest sources of biomass feedstock, the risk of HCVs being present, but not identified or mapped is SPECIFIED

6. Feedstock from non-forest areas, e.g. nature maintenance projects, windbreaks or residential areas:

For feedstock from non-forest areas, it is concluded that HCVs are mapped and/or legally protected, and as such the risk related to identification and mapping HCV is evaluated to be LOW.

Country Denmark

Indicator with specified risk in the risk assessment used 2.2.3 The BP has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

With reference to the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) the risk description for indicator 2.2.3 is as follows:

Based on the existing protection through the Forest Act and designation of Natura 2000 areas and individual protected areas, it is concluded that larger scale key ecosystems and habitats are sufficiently protected, and that sourcing of feedstock for biomass does not pose a threat towards these areas. As mentioned in the findings for criteria 2.1.1 it is likely that a large number of smaller areas or biotopes of local or regional importance to biodiversity or as species habitats, in a Danish context called Key Biotopes ("nøglebiotoper"), which are not systematically identified and mapped. Based on a precautionary approach the risk assessment conclude that for these areas the risk is specified based on the same findings as for Indicators 2.1.1 and 2.1.2.

Country Denmark

Indicator with specified risk in the risk assessment used 2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

A scientific report (Johannsen et al. 2013) concludes that clear goals and better mapping of species, along with evidence-based measures, are prerequisites for future efforts for biodiversity in Danish forests, and ensuring protection of threatened species, structures and habitats should be prioritised.

Two consulted environmental Non-Governmental Organisations (eNGOs) argue that increased demand for biomass feedstock will provide a new incentive for forest managers to remove additional woody biomass from forests, giving rise to a risk that biodiversity will not be sufficiently protected. Especially dead and decaying trees and deadwood on the forest floor have an important role in maintaining biodiversity in Danish forests.

With reference to the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) this Indicator is seen as being partially covered by Indicators 2.1.1 and 2.1.2, for which low risk must be demonstrated or reached through mitigating measures. The risk for this Indicator is also assessed as Specified. Required risk mitigation measures are the same as outlined for Indicators 2.1.1 and 2.1.2.

4.2 Justification

Skovdyrkerne ØERNE adopts the 'The Regional Risk Assessment for Denmark' – SBP endorsed June 29 2017. The RRA is prepared according to SBP Regional Risk Assessment Procedure Version 1.0 and is a thorough investigation / evaluation of relevant risks in a Danish forest management context. The RRA concludes that there is a specified risk for 4 indicators, all related to mapping and protection of areas of high conservation values (HCV) in the supply base. When an area of high conservation value is mapped and defined, it is possible to identify and address potential threats from forest harvest operations, and hence conserve and protect key ecosystems and the associated biodiversity. However, in a Danish context coniferous species are all imported and therefore not a part of a natural forest type. The biodiversity is sparse and in case of thinning operations there is no negative impact on the biodiversity. This justifies making a sub-scope categorising all feedstock sourced from coniferous thinning operations as low risk. In the same way, first generation afforestation holds no high conservation values that can be negatively affected by a harvest operation. Therefore, harvesting operations in forests established as first generation afforestation are all categorised as low risk. A forest holding with a forest management certificate has a detailed description of the forest including detailed maps with areas in the forest that has high conservation values (specific HCV map). All risks are low when consulting the maps and initiate necessary mitigations actions prior to sourcing biomass from broadleaved stands or clear cuts. A forest holding with a green management plan has a detailed description of the forest. The plan includes detailed maps with areas in the forests that have high conservation values (specific HCV map). The HCV registration is mandatory. All risks are low when consulting the HCV maps and initiate necessary mitigations actions prior to sourcing biomass from broadleaved stands or clear cuts. The last group in the scope consists of areas without a forest management certificate or a green management plan. There is a specified risk that areas of high conservation value have not been mapped. A further consultation of the HNV forest map is needed, possibly complemented by field visits prior to sourcing biomass from thinning in broadleaved stands or clear cuts from areas that are not first generation afforestation. If HCV's are identified, mitigating actions are made. ØERNE has implemented a procedure where all harvesting areas are assessed according to the above sub-scopes prior to biomass production. The procedure is described in the management system and all staff is educated in the procedures.

4.3 Results of risk assessment and Supplier Verification Programme

The Regional Risk Assessment (RRA) states that there is a 'specified risk' in 4 indicators listed below (see appendix). 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 (CPET S8b). 2.2.4 Biodiversity is protected (CPET S5b). There is an understood coherence between identifying areas with high conservation values and being able to conserve important habitats and protect the biodiversity. There is also an understood coherence between threats to high conservation values and the type of forest operation and forest type. The HCV's are identified and mapped in some forest holding (FSC/PEFC certified forest holdings and in forest holdings with a green management plan) and in other areas there is a specified risk that there may be unidentified areas with high conservation values. Thinning operations in coniferous stands and in first generation afforestation is always low risk. The supply base is therefore divided in the following sub-scopes: • Primary feedstock sourced from coniferous thinning operations – all low risk • Primary feedstock sourced from areas of first generation afforestation – all low risk • Primary feedstock sourced from a forest holding with a FM certificate (FSC/PEFC) - all low risk • Primary feedstock sourced from non-forest areas – all low risk • Primary feedstock sourced from a forest holding with a Green Management Plan - specified risk • Primary feedstock sourced from an area without a Green Management Plan – specified risk • Primary feedstock received with an SBP-approved Chain of Custody (CoC) System claim – all low risk The Supplier Programme is designed to ensure that sourcing biomass from external suppliers can be approved as SBP-compliant if it meets certain criteria's. The Supplier Programme concludes possibilities for meeting the Supplier Program criteria's: 1. Primary feedstock purchased with a valid FSC or PEFC claim 2. Primary feedstock purchased with a valid SBP claim 3. Feedstock screened by ØER skilled personnel according to ØER standard – and resulting in a 'low risk' (green light). Feedstock from a specified or unspecified risk is only possible if the full mitigation measures are implemented by the ØERNE qualified staff and records of the instructions are kept. 4. Primary feedstock from other suppliers that are subject to Supplier Program, where the stand of origin can be verified and were it can be verified the stand is in a low risk sub-scopes; these sub-scopes are: a. Feedstock from thinning in coniferous stands b. Feedstock from thinning in first-generation afforestation projects c. Feedstock from legally compliant non-forest origin

4.4 Conclusion

The organisation meets the SBP requirement due to a concise approach to risk assessment, where the supply base is divided in 5 different sub-scopes. The competent staff at Skovdyrkerne ØERNE all have a degree as B.sc or M.sc in forestry and they are able to identify the registered HCV areas within the supply base and determine in witch operations a field assessment is demanded. Necessary mitigation methods are described in the operational plan and map that is handed to the contractor prior to harvest. External suppliers can provide FSC/PEFC certified feedstock as SBP-compliant feedstock if they hold a valid PEFC CoC/FM or FSC CoC/FM certificate – or if the feedstock can be determined as 'low risk' according to the same criteria's as included in the SBE. The strength of this approach is: • It provides the necessary protection of biodiversity in harvesting areas. • It is integrated in the workflow at Skovdyrkerne ØERNE and thus feasible and controllable.

5 Supply Base Evaluation process

The Supply Base evaluation process was initiated by the Regional Risk Assessment for Denmark. Skovdyrkerne ØERNE has by the representation of Skovdyrkerne Vestjylland been an indirect stakeholder in the process leading to the decision of making an RRA for Denmark. Through Skovdyrkerne Vestjylland, Skovdyrkerne-DK has played an active role in the RRA stakeholder consultation meeting on May 20th 2016, where the stakeholders were invited to see how Skovdyrkerne Vestjylland assess risks and implement mitigation measure in two different harvest operations –

thinning operation in coniferous stands

thinning operation in an old broadleaved stand

After the stakeholder meeting Skovdyrkerne Vestjylland has submitted stakeholder comments to the RRA. The comments were submitted on June 26th 2016.

While adjusting to local conditions this Supply Base Report (SBR) leans on the experiences made by Skovdyrkerne Vestjylland, and will assure that sourcing of biomass is SBP-compliant. The SBR was submitted for public consultation on December 1th 2016.

6 Stakeholder consultation

The stakeholder consultation will take place during a 30 day period from December 15th 2016 to January 15th 2017

The SBR will be submitted by e-mail to:

Danmarks Naturfredningsforening	Nora Skjernaa Hansen	nsh@dn.dk
FSC Danmark	Sofie Tind Nielsen	sofie@fsc.dk
Verdens Skove	Jakob Ryding	jr@verdensskove.org
WWF (Verdensnaturfonden)	Bo Normander	b.normander@wwf.dk
Københavns Universitet	Vivian Kvist Johansen	vkj@ign.ku.dk
PEFC Danmark	Morten Thorøe	mt@pefc.dk
Dansk Energi	Kristine van het Erve Grunnet	keg@danskenergi.dk
Dansk Fjernvarme	Kate Wieck-Hansen	kwh@danskfjernvarme.dk
Dansk Skovforening	Marie-Louise Bretner	mlb@skovforeningen.dk
Energistyrelsen	Lars Martin Jensen	lmj@ens.dk
Dong Energy	Peter K Kristensen	pekkkr@dongenergy.dk
Friluftsrådet	Thorbjørn Eriksen	toe@friluftstraadet.dk
BAT Kartellet	Sidse Buch	sidse.buch@batkartellet.dk
SVANA		svana@svana.dk
NEPCon	Christian Rahbek	car@nepcon.org
Dansk Træforening	Jakob Klaumann	jakob@dktimber.dk

6.1 Response to stakeholder comments

Description: Skovdyrkerne ØERNE received no comments from the invited stakeholders within the 30 day period

Comment: N/A

Response: N/A

7 Mitigation measures

7.1 Mitigation measures

Country: Denmark

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.

On basis of the SBP-endorsed Regional Risk Assessment for Denmark (June 2017), section 2.1.1, it is concluded that there is a specific risk that at least locally important Key Biotopes in forests have not yet been identified and mapped, and may therefore be at risk from threats due to sourcing of biomass. However, it is also concluded that some source types are inherently low in key biotopes, such as first generation afforestation areas or even-aged stands of conifers.

Once the maps resulting from the identification and mapping of 'forests containing particular natural values' as per the Danish Forest Act (Article 25) is available, it is suggested that these are used as the indication of the presence of HCVs.

Skovdyrkerne ØERNE consents to the suggestions for mitigation methods on all parameters except for the suggestion that HCV maps are made publicly available.

Country: Denmark

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.

With reference to section 2.1.2 in the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) please see Indicator 2.1.1 (in the RRA Denmark) for discussion regarding the risk designation for identification and mapping of HCVs.

Source Types

Source Types and their risk levels There can be defined different "source types" e.i. sources of biomass feedstock that share properties with regard to presence, mapping and protection HCVs, including Key biotopes and biodiversity in a broader sense, the following source types are defined and their risk levels assessed:

1. Feedstock originating from FSC or PEFC certified forests:

Feedstock originating from FSC or PEFC certified forests is recognised by SBP as sustainable. The certification standards include requirements for identification, mapping and protection of HCV and FMUs that have carried out sufficient mapping and implemented procedures to ensure proper protection of HCV's can provide assurance of compliance with these requirements through certification. Risk is evaluated as LOW

It is a requirement for receiving subsidies for developing a Green Management plan that HCV areas in the forest are identified and mapped. However, there is no strict requirement that the HCVs are monitored and protected from forest management, and therefore risk is evaluated as SPECIFIED.

Based on feedback from several stakeholders and key experts, it is concluded that the chance of key biotopes being under threat from thinning operations in even-aged conifers in Danish forests, and taking into account existing mapping of other HCV categories the risk is assessed as being LOW

4. Feedstock from thinning in first generation afforestation areas:

Based on feedback from several stakeholders and key experts, it is concluded that the chance of key biotopes being under threat from thinning operations in first generation afforestation areas, and taking into account existing mapping of other HCV categories the risk is assessed as being LOW

5. Feedstock from uneven-aged stands or stands of broadleaf species:

Due to no legal requirement for identification and mapping of Key biotopes, it is assessed that for all other forest sources of biomass feedstock, the risk of HCVs being present, but not identified or mapped is SPECIFIED

6. Feedstock from non-forest areas, e.g. nature maintenance projects, windbreaks or residential areas:

For feedstock from non-forest areas, it is concluded that HCVs are mapped and/or legally protected, and as such the risk related to identification and mapping HCV is evaluated to be LOW.

Skovdyrkerne ØERNE consents to the suggestions for mitigation methods on all parameters except for the suggestion that HCV maps are made publicly available.

Country: Denmark

Specified risk indicator: 2.2.3 The BP has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

With reference to the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) the risk description for indicator 2.2.3 is as follows:

Based on the existing protection through the Forest Act and designation of Natura 2000 areas and individual protected areas, it is concluded that larger scale key ecosystems and habitats are sufficiently protected, and that sourcing of feedstock for biomass does not pose a threat towards these areas. As mentioned in the findings for criteria 2.1.1 it is likely that a large number of smaller areas or biotopes of local or regional importance to biodiversity or as species habitats, in a Danish context called Key Biotopes ("nøglebiotoper"), which are not systematically identified and mapped. Based on a precautionary approach the risk assessment concludes that for these areas the risk is specified based on the same findings as for Indicators 2.1.1 and 2.1.2.

Skovdyrkerne ØERNE consents to the suggestions for mitigation methods on all parameters except for the suggestion that HCV maps are made publicly available.

Country: Denmark

Specified risk indicator: 2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

A scientific report (Johannsen et al. 2013) concludes that clear goals and better mapping of species, along with evidence-based measures, are prerequisites for future efforts for biodiversity in Danish forests, and ensuring protection of threatened species, structures and habitats should be prioritised.

Two consulted environmental Non-Governmental Organisations (eNGOs) argue that increased demand for biomass feedstock will provide a new incentive for forest managers to remove additional woody biomass from forests, giving rise to a risk that biodiversity will not be sufficiently protected. Especially dead and decaying trees and deadwood on the forest floor have an important role in maintaining biodiversity in Danish forests.

With reference to the SBP-endorsed Regional Risk Assessment for Denmark (June 2017) this Indicator is seen as being partially covered by Indicators 2.1.1 and 2.1.2, for which low risk must be demonstrated or reached through mitigating measures. The risk for this Indicator is also assessed as Specified. Required risk mitigation measures are the same as outlined for Indicators 2.1.1 and 2.1.2.

Due to the technical requirements that the biomass shall fulfill with regards to humidity and density, it is generally not accepted by Energy Producers that decaying wood is used as input in the chips supplied from Danish Forests. However, it must be ensured that biologically valuable dead and decaying and deadwood on the forest floor is not chipped or removed in connection with production and extraction of biomass.

Dead and decaying wood is protected in the harvest operations by the following procedures:

5. Contractors shall ask whenever in doubt.

Skovdyrkerne ØERNE consents to the suggestions for mitigation methods on all parameters except for the suggestion that HCV maps are made publicly available.

7.2 Monitoring and outcomes

The indicators are defined in the RRA. A new national digital map covering all areas of high conservation value in forest is in progress. When this new national HCV map is finished, all indicators will be 'low risk'. Skovdyrkerne ØERNE as the Biomass Producer (BP) will adapt and implement the mitigation measures suggested in the RRA - except the suggestion of publishing HCV maps - according to the below standard operating procedure (SOP): Basics - level of expertise: All harvest operations are planned and supervised by own forest staff (B.Sc. or M.Sc. in forestry). a. All staff is trained in the below procedures. b. All staff is trained in identifying areas of high conservation value according to the catalogue of key biotopes within the supply base. Planning and risk management: a. Operations are planned and described in the company database (Pinus) with a corresponding geographic location (GIS) showing a map of the forest with a clear demarcation of ownership, the planned harvest area and eventual areas of high conservation value, that needs to be taken into consideration. b. The database holds information about the forest owner and the basic risk class of the sourcing area – whether the area is 'PEFC/FSC Certified', 'has a Green Management Plan' or none of the above. This status is marked along with a 'Traffic light': i. 'Green light' (no risk), ii. 'Orange light' (specified risk identified – proceed with caution / implement mitigating actions) iii. 'Red light' (sourcing of feedstock is only possible if the operation can be carried out within EUTR regulation. The biomass originating from such project is SBP non-compliant). c. When initiation of a new harvest operation, the SBP status is default set as a 'Red light'. In order to move the status to 'Orange light' or 'Green light' - the qualified staff must determine legality (EUTR), the source type and forest type: d. If the feedstock is

sourced from thinning in coniferous stands or 1. Generation afforestation – and legality (EUTR) is ok, - the operation is low risk and status is changed to 'Green light'. The conclusion is described in the work instructions . e. If the feedstock is sourced from other areas than section 9.1.2 d. – The forest staff consults suitable information in order to identify areas of High Conservation Value (HCV) and legality issues (EUTR).

iv. In areas with a FSC/PEFC certificate, - the specific HCV map and management plan is consulted. v. In areas with a 'green management plan', - the specific HCV map and green management plan is consulted. vi. In areas without a 'forest certificate' or 'green management plan', the official Danish HNV forest online map is consulted. In case of HNV score of 10 or above - the harvest area must be visited and assessed by the trained forest staff. vii. I all three cases apply: 1. If there is no conflict with HCV or legislation on the harvest area the status is changed to 'Green light' – and the conclusion is described in the work instructions. 2. If there is a conflict with HCV on the harvest area the status is changed: a. To 'Orange light' if the harvest operation supports the HCV management purpose and can be carried out with extra precaution. The mitigation measures are described in the work instructions. b. Or maintained as 'Red Light' if the harvest has potential negative impact on the HCV. The biomass can then only be sourced as Non-compliant. 3. If there is a conflict with legislation, the status is changed: a. To 'Orange light' if the legality is meet by dispensation (§3 or Natura 2000) or if the sourcing is possible with extra precaution (e.g. cultural heritage). The mitigation measures are described in the work instructions. b. Or maintained as 'Red light' if the operation is not in compliance with EUTR. In this case harvest is not carried out. f. The work instruction is emailed / handed over to the sub-contractor, who is instructed to respond if the there is a SBP status without a corresponding conclusion and description of the mitigation measures. i. ii. When proceeding with harvesting operation under 'Red Light conditions' - work instructions must be emailed to the internal auditor (rgg@skovdyrkerne.dk). Harvest operations All harvest operations (cutting, wood chipping, transport etc.) are conducted by trained subcontractors with long term relationships and contracts to the BP. g. All contractors and staff are trained in understanding the work instructions set of documents. h. All contractors work under the instruction of a SOP for harvesting operations. i. All contractors and staff have a basic training in identifying areas of high conservation value. In case that biologically valuable dead or decaying wood (especially such as large dimensioned domestic species, standing or laying trunks inhabited by woodpeckers or characterised by fungus fruitbodies) is present in the harvest area, measures should be taken to assure that it is left in the stand. j. Forest staff should address this issue in relevant projects. k. Contractors shall ask whenever in doubt. SBP compliance - conclusion Skovdyrkerne ØERNE assesses that:

- Feedstock sourced from harvest operations conducted under the above SOP with: • 'Green light' – feedstock is low risk.
- 'Orange light' – the harvest operation contains specified risk, but feedstock is delivered through a mitigation process, that ensures that the biomass is non-controversial in relation to SBP.
- Primary feedstock sourced from coniferous thinning operations is low risk.
- Primary feedstock sourced from areas of first generation afforestation is low risk.
- Feedstock sourced from areas outside the forest (farmland) according to FAO definition of forest. All is non-controversial according to the SBP scope and is hence SBP-compliant, whereas ...
- Feedstock sourced from harvest operations conducted under the above SOP with: • 'Red light' – the harvest operation contains specified risk, and the resulting biomass is SBP-non-compliant (but still legal according to EUTR). Can be considered as legally sourced and hence non-controversial (SBP Controlled) – but not passed on as SBP Compliant. Monitoring and outcomes

With respect to the precautionary principle it is decided, that:

- When harvesting in 'Red light' areas - work instructions must be emailed cc. to the internal auditor (rgg@skovdyrkerne.dk). The work instructions will be reviewed and mitigation measures evaluated prior to felling. This procedure will be evaluated after 12 months in order to verify the outcome and necessity for adjustments of procedures.

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

Identification of Peer Reviewer still pending

9.2 Public or additional reviews

As an additional review The Supply Base Report has also been submitted to the 4 CEO of the sister organisations of Skovdyrkerne. The reviewers' comments and recommendations have been incorporated in the report.

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Rasmus Gregersen	Forstkandidat – Faglig leder	2021-01-15
	Name	Title	Date
Report Prepared by:	Lars Muldbak	CEO	2021-01-15
	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:	Christian Rahbek	Senior Auditor, Preferred by Nature	2021-03-05
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A