

Association 'PEFC Latvijas Padome'	Approved 23.04.2018	PEFC LV MDS 1
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**PEFC Standard for Forestry Contractors
(Latvia)**

Riga

2018

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1. Objective of the PEFC Standard for Forestry Contractors

The objective of the Standard is to promote sustainable forest management, improve the quality, efficiency and social responsibility of services provided by forestry contractors, thus giving certified contractors a competitive advantage.

2. Scope

- 2.1. The Standard shall apply to forestry contractors irrespective of their legal form, if such contractors operate in one of the below areas of forest management:
 - 2.1.1. Silviculture – cultivation of soil, planting and sowing of trees, pre commercial thinning of young stands.
 - 2.1.2. Harvesting – felling work, production and extraction of wood products, chipping.
 - 2.1.3. Transportation – transportation of logs and wood chips.
- 2.2. The Standard applies throughout the territory of Latvia, for Works in all forest properties, regardless of their affiliation and size. The execution of the Works requires compliance with national laws, regulations and international agreements.

3. Certification Procedure

- 3.1. The criteria and indicators included in the Standard shall be used as a basis for the certification of contractors carried out by impartial certification bodies who are accredited and approved in accordance with the regulatory documents of the PEFC scheme in Latvia or by other members of the European co-operation for Accreditation EA, or a party to the recognition agreement of the International Accreditation Forum IAF.
- 3.2. The Certificate shall be obtained according to the one of the following procedures:
 - 3.2.1. Individual Certification of PEFC Forestry Contractors;
 - 3.2.2. Group Certification of PEFC Forestry Contractors.
- 3.3. The Certificate shall be valid for 5 years.
- 3.4. The Standard shall not be examined by the International Council of PEFC.

- 3.5. Certification body shall not carry out certification audits and re-checks of contractor, when the forestry management activities included in the scope of the audit have been suspended due to seasonal or statutory reasons or when the forest management standards require for such suspension.
- 3.6. The holder of the Certificate shall be responsible for the execution of subcontracted works in accordance with the Standard.
- 3.7. In case of change of certification body, requirements of IAF MD2:2017 IAF Mandatory Document for the Transfer of Accredited Certification of Management Systems shall be applied.

4. Individual Certification of PEFC Forestry Contractors

4.1. Terms and conditions of individual certification

- 4.1.1. The contractor shall undergo the certification process individually.
- 4.1.2. The contractor shall be responsible for the application of the Standard.
- 4.1.3. The contractor obtain an individual certificate.
- 4.1.4. The contractor shall cover any and all certification costs.

4.2. Procedure of individual certification

4.2.1. Initial certification and re-certification:

- 4.2.1.1. The contractor shall submit an application to the certification body and shall sign a contract regarding the audit, certification and supervision of the contractor;
- 4.2.1.2. The contractor shall provide the certification body with the contact details of those customers to whom it has provided forestry services during the last 12 months;
- 4.2.1.3. The certification body shall inform about the certification of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 4.2.1.4. The certification body, after receiving information from the stakeholders, shall agree with the contractor on certification audit dates;
- 4.2.1.5. The certification body shall perform an audit of the contractor in the facilities and on-site locations in each field of the Work to be certified, and shall draw up a report on the compliance of business practices with the Standard and describe the discrepancies and observations identified;
- 4.2.1.6. After the contractor's audit and the rectification of all major discrepancies, the certification body shall issue a Certificate to the contractor;
- 4.2.1.7. An agreement on the use of PEFC logo shall be signed with 'PEFC Latvijas Padome'.

4.2.2. Certification **supervision** audit:

- 4.2.2.1. A supervision audit shall be performed once every 12 months;
- 4.2.2.2. The contractor shall provide the certification body with the contact details of those customers to whom it has provided forestry services during the last 12 months;

- 4.2.2.3. The certification body shall inform about the certification supervision audit of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 4.2.2.4. The certification body, after receiving information from the stakeholders, shall agree with the contractor on supervision audit dates;
- 4.2.2.5. The certification body shall perform an audit of the contractor in the facilities and on-site locations, and draw up a report on the compliance of its business practices with the Standard.

4.2.3. Rectification of discrepancies and suspension of the certificate:

- 4.2.3.1. The certification body shall record in audit reports minor and major discrepancies of the contractor's business practice with the Standard and observations;
 - 4.2.3.1.1. Minor discrepancy – indicator(s) of the Standard partially met, its performance **does not entail** high risk or discrepancy with the Standard or laws and regulations;
 - 4.2.3.1.2. Major discrepancy – indicator(s) of the Standard not met, its performance **entails** high risk or discrepancy with the Standard or laws and regulations;
 - 4.2.3.1.3. Observation – a risk that may result in a minor or major discrepancy with the Standard or laws and regulations.
- 4.2.3.2. The contractor shall rectify discrepancies within the following deadlines:
 - 4.2.3.2.1. Minor discrepancies – by the next audit;
 - 4.2.3.2.2. Major discrepancies – within three months from the receipt of the audit report of the certification body;
- 4.2.3.3. If a minor discrepancy is not duly rectified, it shall be recorded as a major discrepancy during the next audit;
- 4.2.3.4. Certification body shall conduct a re-examination by the end of the deadline for the elimination of major discrepancies, evaluating corrective actions for the prevention of recorded discrepancies.
- 4.2.3.5. The certification body shall suspend an individual Certificate in the following cases:
 - 4.2.3.5.1. The recorded major discrepancy have not been rectified by the re-examination inspection;
 - 4.2.3.5.2. More than 3 major discrepancies have been recorded during an audit;
 - 4.2.3.5.3. Pursuant to the Standard;
 - 4.2.3.5.4. If conditions of the certification agreement are not met.

4.2.4. Renewal of the certificate:

- 4.2.4.1. The contractor shall enter into an audit agreement with the certification body;
- 4.2.4.2. The contractor shall provide the certification body with the contact details of those customers to whom it has provided forestry services during the last 12 months;
- 4.2.4.3. The certification body shall inform about the certification supervision audit of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 4.2.4.4. The certification body, after receiving information from the stakeholders, shall agree with the contractor on supervision audit dates;

- 4.2.4.5. The certification body shall perform an audit of the contractor in the facilities and on-site locations, and draw up a report on the compliance of its business practices with the Standard.
- 4.2.4.6. A decision about the continuation of the certificate can be made within 6 months after its suspension; A certificate can be suspended twice during its validity;
- 4.2.4.7. For the restoration of the Certificate validity, the certification body shall carry out a re-examination in such a way as to establish that all Standard requirements are fulfilled and there are no longer any situations causing the Certificate to be suspended.

5. Group Certification of PEFC Forestry Contractors

5.1. Terms and conditions of group certification

- 5.1.1. Contractors shall joint a group on individual basis.
- 5.1.2. All contractors that are a part of a group shall comply with the Standard.
- 5.1.3. All members of a group shall have one joint Certificate.
- 5.1.4. Certification of the group shall be managed by the **head of the group** – an organization, a company, an association or other legal entity.
- 5.1.5. Certification costs shall be covered by members of the group pursuant to an internal arrangement.

5.2. The head of the group shall be responsible for the following:

- 5.2.1. To sign an agreements with all members of the group about compliance with the Standard and certification;
- 5.2.2. To submit certification application to certification body;
- 5.2.3. Issue confirmation of membership to each member of the group;
- 5.2.4. Perform internal audit of the group members at least once every 12 months;
- 5.2.5. Maintain the compliance of all group members' business practices with Standard;
- 5.2.6. Define responsibility between the head of the group and group members;
- 5.2.7. Develop procedures for the admission of new members, exclusion of members, group budgeting, information flow within the group, rectification of discrepancies, internal control, dispute resolution;
- 5.2.8. Transfer and receive information from the group members;
- 5.2.9. Prepare public information;
- 5.2.10. Maintain the register of certified members of the group;
- 5.2.11. Organize training and consultations at the request of group members or to mitigate risks;

- 5.2.12. Provide information, documentation and technical support for the certification body during a certification audit;
- 5.2.13. Store documentation on training of members of the group, internal control measures and discovered discrepancies;
- 5.2.14. Entry into an agreement with 'PEFC Latvijas Padome' on the use of PEFC logo.

5.3. Members of the group shall have the following rights:

- 5.3.1. Receive information from the head of the group about the certification process and activities of the group;
- 5.3.2. Receive a Certificate from the head of the group pursuant to the decision described in the report of the certification body;
- 5.3.3. Address the head of the group with objections or complaints about the progress of the PEFC certification audit and its results;
- 5.3.4. Exclude a contractor from the group by a majority vote, if major discrepancies with the Standard have been found during certification audits and the contractor has not rectified them by the deadline imposed by the head of the group, or if the respective member does not comply with internal requirements;
- 5.3.5. Receive a permission from the head of the group to use PEFC logo.

5.4. Members of the group shall have the following obligations:

- 5.4.1. Provide a written confirmation of their membership and commitment to meet the requirements of PEFC certification;
- 5.4.2. Comply with the Standard;
- 5.4.3. Provide any and all information and documentation required by the head of the group, as well as technical support to ensure continued operation of the group and further certification.

5.5. Procedure of group certification

5.5.1. Initial certification and re-certification:

- 5.5.1.1. The contractor shall enter into an agreement with the head of the group about its membership and certification and provide the contact details of those customers to whom it has provided forestry services during the last 12 months;
- 5.5.1.2. The certification body shall include 50% of contractors in audits if the number of contractors in the group does not exceed 10 members. If the number of members is more than 10, the certification body shall include 30% of the total number of contractors in the audit, but not less than five members;
- 5.5.1.3. The head of the group shall organize audits of contractors;
- 5.5.1.4. The head of the group shall submit an application to the certification body and sign an agreement for audit, certification and supervision;

- 5.5.1.5. The certification body shall inform about the certification supervision audit of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 5.5.1.6. The certification body, after receiving information from the stakeholders, shall agree with the head of the group and the contractor on certification audit dates;
- 5.5.1.7. The certification body shall perform an audit of the contractor in the facilities and on-site locations, and shall draw up a report on the compliance of business practices with the Standard and describe the discrepancies and observations identified;
- 5.5.1.8. After the audit and rectification of all major discrepancies the certification body shall issue a Certificate to the head of the group.

5.5.2. Group **supervision** audit:

- 5.5.2.1. A supervision audit shall be performed once every 12 months;
- 5.5.2.2. To perform a supervision audit, the certification body shall randomly choose at least 10% of members of the group, considering new members a priority, though all members of the group should be audited during a five-year cycle;
- 5.5.2.3. The head of the group provide certification body with the contact details of those customers to whom members of the group selected for the supervision audit provided forestry services during the last 12 months;
- 5.5.2.4. The certification body shall inform about the certification supervision audit of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 5.5.2.5. The certification body, after receiving information from the stakeholders, shall agree with the head of the group and the contractor on certification audit dates;
- 5.5.2.6. The certification body shall perform an audit in the facilities and on-site locations of group members, and shall draw up a report on the compliance of their business practices with the Standard;
- 5.5.2.7. The head of the group shall organize internal audits of members of the group and compile their results, and shall manage measures to rectify the recorded discrepancies.

5.5.3. **Rectification of discrepancies** and **suspension of the certificate**:

- 5.5.3.1. The certification body shall record in audit reports minor and major discrepancies of the contractor's business practice with the Standard and observations;
 - 5.5.3.1.1. Minor discrepancy – indicator(s) of the Standard partially met, its performance **does not entail** high risk or discrepancy with the Standard or laws and regulations;
 - 5.5.3.1.2. Major discrepancy – indicator(s) of the Standard not met, its performance **entails** high risk or discrepancy with the Standard or laws and regulations;
 - 5.5.3.1.3. Observation – a risk that may result in a minor or major discrepancy with the Standard or laws and regulations.

- 5.5.3.2. Any discrepancies registered in audits shall apply to all members of the group, regardless of which member of the group they are registered;
- 5.5.3.3. The audited, as well as other members of the group shall rectify discrepancies by the following deadline:
 - 5.5.3.3.1. Minor discrepancies – by the next audit;
 - 5.5.3.3.2. Major discrepancies – within three months from the receipt of the audit report of the certification body;
- 5.5.3.4. If a minor discrepancy is not duly rectified, it shall be recorded as a major discrepancy during the next audit;
- 5.5.3.5. If the substance of the major discrepancy found is such that the effectiveness of the corrective measures taken must be ascertained, the certification body shall conduct a re-examination;
- 5.5.3.6. The certification body shall suspend a group Certificate in the following cases:
 - 5.5.3.6.1. The recorded major discrepancies have not been rectified by the re-examination inspection of a group member;
 - 5.5.3.6.2. During an audit more than 3 major discrepancies have been found at one member of the group;
 - 5.5.3.6.3. Pursuant to the Standard;
 - 5.5.3.6.4. If conditions of the certification agreement are not met.

5.5.4. Renewal of the certificate:

- 5.5.4.1. The head of the group shall enter into an audit agreement with the certification body;
- 5.5.4.2. To perform a certification audit, at least 10% of all members of the group shall be randomly selected, however, those members, where major discrepancies have been found before must be included in the audit;
- 5.5.4.3. The head of the group shall provide the certification body with the contact details of those customers to whom members of the group selected for the audit provided forestry services during the last 12 months;
- 5.5.4.4. The certification body shall inform about the certification supervision audit of the contractor on its homepage, or in forestry and/or regional mass media, where the contractor operates, and shall duly notify the customers listed by the contractor, specifying the time for submission of feedback for not less than 30 days;
- 5.5.4.5. The certification body, after receiving information from the stakeholders, shall agree with the head of the group and the contractor on certification audit dates;
- 5.5.4.6. The certification body shall perform an audit in the facilities and on-site locations of group members, and shall draw up a report on the compliance of their business practices with the Standard;
- 5.5.4.7. A decision about the continuation of the certificate can be made within 6 months after its suspension; A certificate can be suspended twice during its validity;
- 5.5.4.8. For the restoration of the Certificate validity, the certification body shall carry out a re-examination in such a way as to establish that all Standard requirements are fulfilled and there are no longer any situations causing the Certificate to be suspended.

6. Regulatory references

- 6.1. This document was drafted and approved at association 'PEFC Latvijas Padome' pursuant to the following:
- 6.2. REGULATION (EC) No 561/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 March 2006 on the harmonisation of certain social legislation relating to road transport and amending Council Regulations (EEC) No 3821/85 and (EC) No 2135/98 and repealing Council Regulation (EEC) No 3820/85
- 6.3. Council Directive 89/391/EEC of 12 June 1989 — the OSH framework directive
- 6.4. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), Geneva (in force in Latvia since 27.01.1993)
- 6.5. 05.02.1997 Protection Zone Law
- 6.6. 28.10.2010 Waste Management Law
- 6.7. 14.10.1998 Civil Procedure Law
- 6.8. 20.06.2001 Labour Protection Law
- 6.9. 20.06.2001 Labour Law
- 6.10. 02.02.1995 Law On Taxes and Duties
- 6.11. 15.03.2001 Law On Pollution
- 6.12. 26.07.2010 Insolvency Law
- 6.13. 24.02.2000 Law on Forests
- 6.14. 04.10.2001 Competition Law
- 6.15. 06.04.2006 Public Procurement Law
- 6.16. 02.11.2006 Environmental Protection Law
- 6.17. 14.12.2010 Cabinet Regulation No 1117 "Bio-oil Quality Requirements and Procedure for the Use and Control of Bio-oil for Lubrication of Cutting Tools during Logging"
- 6.18. 18.12.2012 Cabinet Regulation No 936 "Protection of Nature during Forest Management"
- 6.19. 03.09.2002 Cabinet Regulation No 400 "Labour Protection Requirements for Use of Safety Signs"
- 6.20. 09.09.2002 Cabinet Regulation No 526 "Labour Protection Requirements when using Work Equipment"
- 6.21. 20.08.2002 Cabinet Regulation No 372 "Labour Protection Requirements When Using Personal Protective Equipment"
- 6.22. 02.05.2012 Cabinet Regulation No 310 "Occupational Safety Requirements in Forestry"
- 6.23. 02.10.2007 Cabinet Regulation No 660 "Procedures for the Performance of Internal Supervision of the Work Environment"
- 6.24. 16.03.2010 Cabinet Regulation No 264 "General Regulations on Protection and Use of Specially Protected Nature Territories"
- 6.25. 10.03.2009 Cabinet Regulation No 219 "Procedures for Performance of Mandatory Health Examinations"

- 6.26. 02.05.2012 Cabinet Regulation No 308 “On Reforestation, Afforestation and Plantation Forests”
- 6.27. 25.08.2009 Cabinet Regulation No 950 “Procedures for Investigation and Registration of Accidents at Work”
- 6.28. 29.09.2008 Cabinet Regulation No 798 “Regulations Regarding Non-subjection of Separate Horizontal Co-operation Agreements to the Agreement Prohibition Specified in Section 11, Paragraph One of the Competition Law”
- 6.29. 07.04.2015 Cabinet Regulation No 167 “On Employee Certificates”
- 6.30. 03.08.2010 Cabinet Regulation No 713 “On Procedure for Provision of First-aid Training and Minimum Content of a First-aid Kit”
- 6.31. 06.04.2010 Cabinet Regulation No 343 “Regulations Regarding Large Dimension and Heavyweight Carriage”
- 6.32. 18.12.2012 Cabinet Regulation No 935 “On Felling of Trees in Forests”
- 6.33. 18.12.2012 Cabinet Regulation No 940 “On Creation and Management of Restricted Micro-areas, Their Protection, as well as Imposition of Restricted Micro-areas and Their Buffer Zones”
- 6.34. Cabinet Regulation No 947 “On Protective Measures and Declaration of Emergencies in Forests”
- 6.35. 17.02.2004 Cabinet Regulation No 82 “Fire Safety Regulations”
- 6.36. European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) (in force in Latvia since 11.05.1996)
- 6.37. IAF MD2:2017 Mandatory Document for the Transfer of Accredited Certification of Management Systems

7. Terms and definitions

- 7.1. Biologically significant elements of forests – eco-trees, their groups, preserved undergrowth, regrowth, deadwood, wet lowlands with characteristic vegetation, and other parts of the forest that are of importance for the protection, prevalence and ecological functions of species.
- 7.2. Certificate – a document issued to the contractor as a result of an audit that confirms the compliance of its business practices with the Standard.
- 7.3. Contractor – a legal entity or an individual that performs works specified in the Standard scope, has received or is about to receive a certificate or its certificate is being renewed.
- 7.4. Customer – a legal entity or an individual, with whom the contractor has an agreement on the forest management works specified in the Standard scope.
- 7.5. Elements of cultural heritage – sites of historic heritage and the surrounding areas that the public and individuals consider important for the preservation of traditions, knowledge, the way of life and historic memory.
- 7.6. Employee – an individual that works for an employer and receives remuneration, or a self-employed individual that performs works outlined in an agreement with a contractor.

- 7.7. Harvester – machinery for felling of trees, processing of stems and production of wood products.
- 7.8. Preserved biotopes – biotopes that should be preserved pursuant to normative acts, the forest management standard or the requirements of the customer.
- 7.9. Site of public importance – recreational, viewing objects and roads used by the public for activities in nature, environmental education or day-to-day purposes.
- 7.10. Stakeholder – a legal entity or an individual affected by works specified in the Standard scope.
- 7.11. Standard – standard for forestry contractors.
- 7.12. Sub-contractor – a legal entity or an individual that performs some or all works outlined in an agreement with another contractor subject to the Standard.
- 7.13. Workplace – a local area where the works falling under the Standard are performed.
- 7.14. Works – all works relating to forest management works specified in the Standard scope.

8. Structure of the Standard

- 8.1. Criteria – main features that confirm the compliance of business practices of a contractor with the Standard.
- 8.2. Indicators – business practice indicators that are assessed during initial certification, supervision and renewal audits to determine, whether the business practice of a contractor comply with the Standard.
- 8.3. Means of inspection – elements that prove certain business practice and that can be used during initial certification or supervision or renewal audits to determine compliance with the indicators listed in the Standard. The described means of inspection are indicative. Other means of inspection that serve as a better proof of compliance with the indicators are allowed during audits.

9. Deviations from Standard

In the event of the elimination of the consequences of natural disasters, it is permissible to derogate from the Standard requirements as far as it does not contravene the legal acts.

10. Criteria of the Standard

This section lists the criteria, indicators and means of inspection used by an impartial certification body to determine the compliance of the contractor's business practice with the Standard and to decide on the issue, extension or suspension of the Certificate.

10.1. Criterion. Business activity is economically grounded, evaluated and viable in the long-term

10.1.1. **Indicator:** The indicators of its business activities shall be assessed, as well as financial stability and efficiency, internal and external environment factors. Measures to improve its operations shall be carried out.

Means of inspection:

Analyses of the balance sheet, adequacy of working capital and equity, liquidity and productivity indicators, analyses of the internal and external environment, action plan for improvement of operations, interviews with the management.

10.1.2. **Indicator:** Objectives and indicators to be achieved for the company and its employees shall be determined. Actions and incentives for achieving the objectives shall be defined. The achieved indicators shall be evaluated.

Means of inspection:

Documents for financial and non-financial objectives. The indicators and the level achieved. Interviews with employees and company management, budget, norms, productivity indicators.

10.1.3. **Indicator:** The prices offered by the contractor for the execution of the Works shall be based on cost estimates, exceeding their level.

Means of inspection:

Cost calculations for price offers. Profit or loss statement. Interviews with the management.

10.1.4. **Indicator:** All necessary measures shall be taken to improve the operation if the revenues from the execution of the Works do not exceed the costs or the lack of working capital arise.

Means of inspection:

Cost calculations for price offers. Profit or loss and the required working capital calculation. Accounting data. Interviews with the management, action plan for the improvement of operations.

10.1.5. **Indicator:** Competencies of the management and employees necessary for the execution of the works and achievement of objectives shall be assessed. Training to improve the necessary knowledge and skills shall be carried out.

Means of inspection:

Documents for evaluation of employees and company management performance, checklist of competency verification. Interviews with employees and the company's management. Training documents.

10.1.6. **Indicator:** A Certificate shall be suspended for the contractor if it is declared insolvent, is at the stage of termination of the commercial activity or has been terminated.

Means of inspection:

Insolvency Register of the Register of Enterprises, Lursoft Insolvency Register.

10.2. Criterion. Works shall be executed in a qualitative manner and measures for continuous quality improvement shall be taken

10.2.1. **Indicator:** The quality of completed works shall comply with requirements of normative acts, customer, forest management and chain of custody standards.

Means of inspection:

Interviews with employees and the management, complaints and feedback from customers. On-site inspections, inspection statements, register of discrepancies.

10.2.2. **Indicator:** Control of the quality of Works, record of discrepancies and actions to rectify them shall be taken.

Means of inspection:

Complaints and feedback from customers. Inspection statements, on-site inspections, register of discrepancies, action plan for rectifying discrepancies, interviews with employees and the management.

10.2.3. **Indicator:** Information and training of employees on quality requirements applicable to Works shall be carried out.

Means of inspection:

Interviews with employees and the management. Documents outlining quality requirements, their availability to employees, training documentation.

10.2.4. **Indicator:** Machinery, tools, equipment and utilities shall comply with the Work to be executed, as well as work and fire safety requirements, their safety devices shall be in a technical order.

Means of inspection:

On-site inspections, manufacturer's instructions, specifications or booklets for machinery, tools, equipment and utilities, fire extinguishers and checking of safety equipment. Interviews with employees and the management.

10.2.5. **Indicator:** The permits and licenses required for the Works have been received.

Means of inspection:

Permits to transport large and heavy loads, license for commercial transportation, registration certificates, felling licenses, approvals with regards to activities in protected zones, agreement from other owners. Interviews with employees and the management.

10.3. Criterion. Principles of fair competition and responsible business management shall be applied in business

10.3.1. **Indicator:** Business relations with customers, employees and subcontractors shall be based on mutually concluded contracts.

Means of inspection:

Interviews with employees, management and cooperation partners, concluded contracts.

10.3.2. **Indicator:** The principles of fair competition shall be respected. In dealings do not constitute a cartel, prohibited agreement or abuse the dominant position.

Means of inspection:

Decisions of the Competition Council, interviews with customers, business partners, subcontractors and management.

10.3.3. **Indicator:** Taxes shall be paid in accordance with the requirements of legal acts.

Means of inspection:

Debtor database of the State Revenue Service. Interviews with the management.

10.3.4. **Indicator:** Contractor shall settle with Subcontractors under the terms of the mutually concluded contracts.

Means of inspection:

Terms and conditions of the contracts (payment terms and conditions), interviews with subcontractors and the management.

10.3.5. **Indicator:** During the last 12 months contractor's agreement with a customer has not been terminated due to the failure of the contractor to meet its contractual obligations.

Means of inspection:

Interviews with customers, list of company agreements, correspondence with customers.

10.4. Criterion. Works shall be carried out in accordance with the requirements of work, fire and electrical safety

10.4.1. **Indicator:** A work environment risk assessment shall be elaborated, work safety instructing and training shall be carried out. Employees have been informed of the risks at the Workplace.

Means of inspection:

Checking the instructing journals. Examination of risk assessment documents, interviews with employees.

10.4.2. **Indicator:** Employees comply with work, fire and electrical safety requirements, use individual and collective protective equipment according to risks at the Workplace.

Means of inspection:

Assessment of the use of individual protective equipment. Interviews with employees. Checking the instructing journals. Inspection of first-aid kit. Inspection of the use of safety signs. Interviews with employees.

10.4.3. **Indicator:** Tools and machinery shall be used in conformity with work, electrical and fire safety requirements.

Means of inspection:

On-site inspections, interviews with employees.

10.4.4. **Indicator:** Assesses accidents at work and takes measures to prevent their re-occurrence.

Means of inspection:

Register of accidents, measures to prevent accidents. Interviews with employees and the management.

10.4.5. **Indicator:** Employees shall have the necessary skills to execute Works, and they have licenses allowing to operate certain machinery and tools.

Means of inspection:

Interviews with employees. On-site inspections. Inspection of licenses.

10.4.6. **Indicator:** Compulsory health checks have been carried out for employees and they have been vaccinated according to risks at Workplace.

Means of inspection:

Register of compulsory medical checks. Risk assessment documents. Documents on refusal to vaccinate.

10.5. Criterion. The rights and interests of employees and stakeholders shall be respected

10.5.1. **Indicator:** During the execution of Works the customer shall be informed about any work related conflicts with stakeholders.

Means of inspection:

Stakeholder reports, interviews with customers and employees.

10.5.2. **Indicator:** Conflicts with stakeholders shall be solved according to the principles of communication ethics and the legal acts.

Means of inspection:

Stakeholder reports, interviews with customers and employees, dispute resolution correspondence.

10.5.3. **Indicator:** Employees may join freely to protect their interests and rights, negotiate with the employer individually or choose representatives.

Means of inspection:

Interviews with employees.

10.5.4. **Indicator:** Works shall be carried out considering the limits of maximum working time and minimum rest periods.

Means of inspection:

Working time tables, shift register, tachograph data. Interviews with employees.

10.6. Criterion. Employee remuneration shall be fair and motivating for the achievement of the defined objectives

10.6.1. **Indicator:** The average salary of company employees in occupational groups shall be at least 80% of the mean national hourly rate in the respective group.

Means of inspection:

Statistics from the State Revenue Service arranged according to the Classification of Occupations and by occupational groups. Accounting data on remuneration of employees.

10.6.2. **Indicator:** Salaries shall be paid to employees in accordance with the terms specified in the Employment Agreement and legal acts.

Means of inspection:

Payroll, employment contracts, interviews with employees. Salary calculations.

10.6.3. **Indicator:** The contractor shall use elements of remuneration to achieve objectives of company and employees.

Means of inspection:

Types of remuneration, payroll, interviews with employees and the management.

10.7. Criterion. Pollution of environment by hazardous substances or waste during the Works shall be prevented or reduced

10.7.1. **Indicator:** Machinery used in Works shall be free of oil, technical liquids or fuel leaks into the environment.

Means of inspection:

On-site inspections, petroleum products and technical liquids do not leak from the machinery, interviews with employees.

10.7.2. **Indicator:** Adequate equipment and absorbent materials shall be used to minimize leakage of petroleum products in soil or water. Measures to prevent soil or water pollution caused by the execution of works shall be taken.

Means of inspection:

Interviews with employees. Inspection of equipment and absorbing materials. Instructions or training materials on action in case of leakage of petroleum products.

10.7.3. **Indicator:** Hazardous and household waste shall be stored in suitable containers or bags. The waste shall be delivered to suitable places. On waste from other persons in the Workplace shall be reported to the customer.

Means of inspection:

Instructions on collection of waste. Interviews with employees and customers, on-site inspections.

10.7.4. **Indicator:** For lubrication of chainsaw and harvester saw chains, biodegradable lubrication products shall be used.

Means of inspection:

On-site inspections. Interviews with employees, customers and the management.

10.7.5. **Indicator:** Fuel, oil and other dangerous substances shall be transported and stored in containers or packaging marked with appropriate ADR codes and signs.

Means of inspection:

On-site inspection of fuel tanks. Interviews with employees and the management.

10.7.6. **Indicator:** Personnel participating in the transportation of dangerous goods shall be trained, and the training is documented according to the requirements of ADR.

Means of inspection:

Training documents, interviews with employees and the management.

10.8. Criterion. Natural and cultural heritage values shall be preserved, soil and tree damage reduced, waters protected

10.8.1. **Indicator:** During the execution of Works, biologically important elements of the forest structure, conservation biotopes and cultural heritage elements shall be preserved, in accordance with the requirements of legal acts, customer and forest management standards.

Means of inspection:

On-site inspections. Interviews with employees. Information from customers. Statements on the acceptance of works. Statements on the verification of works. Technological maps of felling sites.

10.8.2. **Indicator:** In the execution of Works, damage to trees and soil shall not exceed the requirements of the legal acts, customer and the forest management standards.

Means of inspection:

On-site inspections. Statements on the verification of works. Technological maps of felling sites. Statements on the acceptance of works. Interviews with employees. Information from customers.

10.8.3. **Indicator:** Wheel ruts left by the machinery shall not create artificial watercourses that flood certain areas or channel water into other watercourses.

Means of inspection:

On-site inspections. Statements on the verification of works. Statements on the acceptance of works. Interviews with employees. Information from customers.

10.8.4. **Indicator:** Measures to reduce water runoff blockage shall be taken during the Works, water runoff blockages shall be eliminated after the execution of work.

Means of inspection:

On-site inspections. Interviews with employees. Information from customers.

10.9. Criterion. Restrictions on forest management activities according to the legal acts, forest management standards and requirements of the customer shall be abide

10.9.1. **Indicator:** Works shall be carried out in areas where there are no restrictions on forest management Work to be executed.

Means of inspection:

On-site inspections. Information about protected sites in the area of works and the surrounding territories is available. Technological maps of felling sites. Interviews with employees. Information from customers.

10.9.2. **Indicator:** Works shall be planned, taking into consideration periods, when forest management activities are banned.

Means of inspection:

On-site inspections. Information about periods, when forest management activities are banned, is available. Interviews with employees and the management. Information from customers.

10.9.3. **Indicator:** During the Works, sites of public importance shall be preserved according to instructions in the work order.

Means of inspection:

On-site inspections. Technological maps of felling sites. Information about sites of public importance and the adjacent territories is available. Interviews with employees and the management. Information from customers.