

# NEPCon Evaluation of Graanul Invest AS - Imavere factory Compliance with the SBP Framework: Public Summary Report

Scope Change Audit

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## Completed in accordance with the CB Public Summary 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](http://www.sbp-cert.org)*

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# 1 Overview

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Certified Supply Base:	Estonia
SBP Certificate Code:	SBP-01-77
Date of certificate issue:	01/Jun/2017
Date of certificate expiry:	31/May/2022

This report relates to the Scope Change Audit

## 2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. Graanul Invest AS undertakes a supply base evaluation for primary and secondary feedstock that is originating from Estonia. Additionally, the BP has implemented SBP Instruction document 2E.

Organization holds valid FSC COC certificate NC-COC-009116, covering FSC credit system. Controlled wood verification system for round wood originating from Estonia is included into the FSC certification scope of the company. Company has also PEFC certificate nr TT-PEFC- COC44.

PEFC CoC system is used to control SBP claims.

Wood pellets might be produced from roundwood, sawdust, chips or wood shavings. Other types of feedstock: chips from forest residues, sawmill residues and bark, are used in the drier. Inputs that are used for pellet production and inputs for the drier go through the same control system upon receipt. Company is sourcing feedstock from logging companies and from primary and secondary producers.

All inputs for SBP-Compliant biomass production are FSC or PEFC certified and FSC or PEFC controlled.

All incoming wood materials are weighted by weighbridge or measured by log receiver in case of logs, and measurement data is recorded.

Wood pellets are sold through Bekkeri and Muuga port in Tallinn but due to fact that there is no active contract for selling SBP material the incoterm conditions are not yet agreed (usually CIF or FOB, see also SAR for the records of last period). SREG document will be created for each destination that is not covered by current SAR.

Description of the scope: Production of wood pellets, for use in energy production and transportation through Bekkeri and Muuga ports in Tallinn to clients. The scope of the certificate includes Supply Base Evaluation for primary and secondary feedstock from Estonia. Dynamic Batch Sustainability Data are included in the scope of the certificate. The scope of the certificate includes NL CAT2 RBA.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
<b>Approved Standards:</b>	SBP Standard #1 V1.0; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0 <a href="https://sbp-cert.org/documents/standards-documents/standards">https://sbp-cert.org/documents/standards-documents/standards</a>		<input type="checkbox"/>
<b>Primary Activity:</b>	Pellet producer		<input type="checkbox"/>
<b>Input Material Categories:</b>	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock	

	<input checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Pre-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
<b>Chain of custody system implemented:</b>	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>
<b>Points of sales</b>	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
<b>Provide name of all points of sales</b>		-Tallinn Bekkeri port - Muuga port (incoterm conditions will be set when SBP sales will be agreed with customers - usually CIF or FOB)	Gate of the BP		
<b>Use of SBP claim:</b>	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
<b>SBE Verification Program:</b>	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Estonia				
<b>Sub-scopes</b>	Only one sub-scope: Estonia				<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A					
Comments: By the mean of this assessment the scope of the certificate was extended for the SDE+ category 2. Risk assessment covering the requirements of Instruction document 2E was presented during the audit and the implemented mitigation measures were evaluated as well.					

### 3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis
- Evaluation of mitigation measures implemented for SBE
- Evaluation of BP-s supplier audits (under SBE)
- Stakeholder consultation process

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

### 4.2 SBP-endorsed Regional Risk Assessment

SBP-endorsed Regional Risk Assessment for Estonia (Published 22 April 2016)

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



## 5 Description of Company, Supply Base and Forest Management

### 5.1 Description of Company

AS Graanul Invest is a private company, established in 2003, which operates in the fields of forestry, development of bioenergy and production of renewable energy. The company owns 11 wood pellet plants, Imavere plant being one of the largest.

All of the used primary and secondary feedstock originates from Estonia and Latvia, tertiary material may come from other countries mentioned in SBR.

Graanul Invest AS purchases only following raw materials to be used in pellet production: FSC certified and controlled primary feedstock, PEFC certified primary feedstock, FSC Controlled secondary feedstock, PEFC controlled secondary feedstock. Starting from 01.01.2017 only FSC or PEFC certified inputs are sourced but option to supply FSC Controlled Wood is left for cases suppliers don't have enough certified material.

### 5.2 Description of Company's Supply Base

Graanul Invest sources all its raw materials for pellet production through various suppliers from Estonia. The suppliers include forest harvesting companies, sawmills, planing mills, secondary producers and traders. According to the EUTR Regulation No. 995/2010 Graanul Invest AS acts as "trader" and not as "operator" as the feedstock is purchased from other organizations within EU. However, the supply base may extend beyond the borders of Estonia as some of the suppliers may source their raw material partially from the neighbouring countries. As such Graanul Invest AS defines its supply base as the countries and regions in the following list to cover all current and potential future suppliers:

- Estonia
- Latvia
- Finland
- Sweden
- Russia
- Belarus
- Poland
- Norway
- Lithuania

All of the used primary and secondary feedstock originates from Estonia and Latvia. The possible impact of Imavere plant's operations on the forest resources of Russia, Belarus, Finland, Latvia, Poland, Norway, Lithuania and Sweden is negligible. This type of material can not be excluded but it is possible to make sure that it is 100% certified.

Imavere plant also monitors and makes sure that the suppliers who source material outside of Estonia and Latvia would not sell them material which, on mass-balance basis, is not covered by wood that originates from Estonia. Physical segregation is not possible and not required.

The plant has around 20 stable suppliers out of which 4 are primary feedstock suppliers, 11 are secondary and the rest are tertiary suppliers.

Controlled Feedstock 00,00%

SBP-compliant Primary Feedstock 72,19%

SBP-compliant Secondary Feedstock 25,28%

SBP-compliant Tertiary Feedstock 2,53%

SBP non-compliant Feedstock 0%

Species: Picea abies; Pinus sylvestris; Alnus glutinosa; Alnus incana; Populus tremula; Betula pendula; Betula pubescens; Fraxinus excelsior; Tilia cordata; Salix spp.

More detailed description is provided in SBR (<https://www.graanulinvest.com/eng/environment/sbr>).  
Estonia:

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders<sup>1</sup>. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the

Estonian Forestry Development Plan 2020<sup>2</sup> has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forests, protection forests and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area<sup>3</sup> and are certified according to FSC and PEFC forest management

and chain of custody standards in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed<sup>4</sup>. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest. Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest as indicated in Figure 1 and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %<sup>5</sup>. Forestry Development Plan 2012-2020 and Yearbook Forest 2014, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m<sup>3</sup> per year<sup>6</sup>. The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.<sup>1</sup>

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<sup>1</sup> [http://europa.eu/about-eu/countries/member-countries/estonia/index\\_en.htm](http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm)

<sup>2</sup> Original title: „Eesti metsanduse arengukava aastani 2020“; approved by Estonians parliament decision nr 909 OE 15. February 2011. a

[http://www.envir.ee/sites/default/files/elfinder/article\\_files/mak2020vastuvoetud.pdf](http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf)

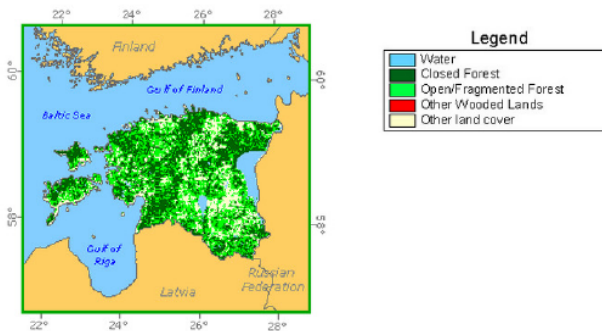
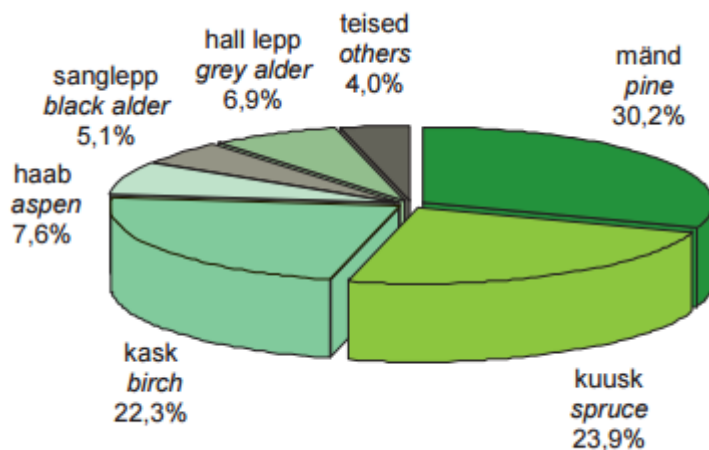


Figure 1. Forest cover of Estonia (FAO: <http://www.fao.org/forestry/country/en/est/>).<sup>2</sup>

Figure 2. The distribution of growing stock by tree species (Yearbook Forest 2014).



For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database<sup>7</sup>.

Area of protected forests accounts for 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests are located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature

<sup>3</sup> <http://www.rmk.ee/organisation/operating-areas>

<sup>4</sup> <http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates>

<sup>5</sup> <http://www.fao.org/forestry/country/32185/en/est/>

<sup>6</sup> Yearbook Forest 2014 (all key figures, graphs and tables are bilingual)

<sup>7</sup> <http://register.metsad.ee/avalik/>

<sup>8</sup> <https://www.riigiteataja.ee/en/eli/517062015004/consolide>

<sup>9</sup> <http://www.envir.ee/et/cites>

<sup>10</sup> <http://www.envir.ee/et/iucn>

Conservation Act<sup>8</sup>. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992<sup>9</sup> and joined the International Union for Conservation of Nature (IUCN) in 2007<sup>10</sup>. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2014 the wood, paper and furniture industry (646,4 million euro) contributed 23.7% to the total sector providing 3.8% of the total value added. Forestry accounted for 1.5% of the value added.

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

### Latvia:

In Latvia, forests cover an area of 3 056 578 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), forest Land amounts to 51.8 % (ratio of the 3 347 409 hectares covered by forest to the entire territory of the country). The Latvian State owns 1 495 616 ha of forest (48.97% of the total forest area), the other 1 560 961 ha (51.68 % of the total forest area) belongs to private sector owners. Private forest owners in Latvia amount to approximately 144 thousand.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic meters (State Forest Services: vmd.gov.lv, 2015).

#### **Forest land consists of:**

- forests 3 056 578 ha (91.3%);
- marshes 175 111.8 ha (5.3%);
- glades (forest meadows) 35 446.7 ha (1.1%);
- flooded areas 18 453.2 ha (0,5%);
- objects of infrastructure 61 813.4 ha (1.8%).

State Forest Services: vmd.gov.lv, 2015.

#### **Distribution of forests by the dominant species:**

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder 3.0 %;
- grey alder 7.4 %;
- aspen 5.4 %;
- oak 0.3 %;
- ash 0.5 %;
- other species 0.3 %.

State Forest Services: vmd.gov.lv, 2015.

#### **Share of species used in reforestation, by planting area (2014):**

- pine 20 %;
- spruce 17 %;
- birch 28 %;
- grey alder 12 %;
- aspen 20 %;

- other species 3 %.

State Forest Services: [vmd.gov.lv](http://vmd.gov.lv), 2015.

### **Timber production by types of cuts, by volume produced (2014):**

- final cuts 81.00 %;
- thinning 12.57 %;
- sanitary clear-cuts 3.63 %;
- sanitary selective cuts 1.43 %;
- deforestation cuts 0.76 %;
- other types of cuts 0.06 %.

State Forest Services: [vmd.gov.lv](http://vmd.gov.lv), 2015.

In Latvia, the field of forestry is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting ([www.zm.gov.lv](http://www.zm.gov.lv)). Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (State Forest Services: [www.vmd.gov.lv](http://www.vmd.gov.lv)). Management of the state-owned forests is performed by the Joint Stock Company "Latvia's State Forests", established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy ([www.lvm.lv](http://www.lvm.lv)). Export yielded 1.978 billion euro (approx. 20 % of the total amount in 2014). Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned. In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously. Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012y). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry for Environmental Protection and Regional Development.

### Finland:

Finland is Europe's most heavily forested country, with over 3/4 of the land area representing 23 million hectares, under forest cover. Altogether forestry land accounts for 86% of the land area.

There are four coniferous species native to Finland, and over twenty species of deciduous trees. The most common species, which are also economically most significant, are Scots pine (*Pinus sylvestris*), Norway spruce (*Picea abies*), and silver and downy birch (*Betula pendula* and *Betula pubescens*).

Despite the 13% reduction in forest area in 1944 due to the losses of land in the war, Finland's wood

resources are currently more plentiful than in the pre-war years. According to the 1st national forest inventory (1921–1924), the total growing stock volume was 1 588 million m<sup>3</sup>. The latest estimate, based on the 11th inventory, is 2 332 million m<sup>3</sup> (103 m<sup>3</sup>/ha) with annual growth of 105 million m<sup>3</sup> (4,6 m<sup>3</sup>/ha).

As in the majority of Western European countries, non-industrial forest ownership dominates in Finland. Private persons, ordinary Finnish citizens, own about 60% of all the forestry land. The Government owns 25%, forest industries 10%, and municipalities and parishes 5% of the Finnish forested area.

Finnish forestry is based on the management of native tree species. The management of forests seeks to respect their natural growth and mimic the natural cycle of boreal forests. The objective is to secure the production of high-quality timber, and to preserve the biological diversity of forests as well as the preconditions for the multiple use of forest. Currently, about 120 000 hectares of forest land are planted or seeded annually favoring almost exclusively native tree species.

Today forestry and the forest industry make up about 5% of Finland's gross domestic product, and approximately 20% of Finnish exports. High-quality printing and writing paper make up over 40% of the total export value of forest industry products, while sawn goods and wood-based panels account for some 20% of export value.

<http://www.metla.fi/metla/finland/finland-forest-resources.htm>

### Sweden:

Sweden is the third largest country by area in Europe, and 70% of it is forest. The total area of forest land is 28 million hectares.

Swedish forests are primarily boreal. The total standing volume is about 3 000 million m<sup>3</sup>, of which 41% is spruce/whitewood (*Picea abies*), also called Norwegian spruce, and 40% pine/redwood (*Pinus sylvestris*), also called Scots pine. 18% is birch and 6% consists of other deciduous trees.

50% of Sweden's forests are owned by private individuals, 25% by large forest companies and 25% by the state and other public organizations. A major part of the mountain forest is state-owned. The average size of a privately owned forest is roughly 50 hectares. In total, there are about 350 000 private forest owners in Sweden, of whom 70% live on their properties.

Annual growth is about 120 million m<sup>3</sup> and annual felling is around 80 million m<sup>3</sup>. Each year the volume of standing timber increases by around 40 million m<sup>3</sup> (net annual increment).

The forest products industry plays a major role in the Swedish economy, and accounts for between nine and 12 percent of Swedish industry's total employment, exports, sales and added value. It includes companies within the pulp and paper industry, as well as the wood-mechanical industry. Close to 90 percent of paper and pulp production is exported, and the corresponding figure for sawn-wood products is almost 75 percent.

<http://www.svensktra.se/siteassets/6-om-oss/publikationer/pdfer/swedish-forestry.pdf>

### Russia:

Twenty two percent of all forest land mass and 25 % of the world's wood reserves belong to Russia. Forests take up 69% of all land and the area occupied with forests amounts to 1,183.3 million ha. 1,144 million ha of which 97% is under federal ownership.

Most Russian forests are boreal. Predominant forest tree species are the larch, pine, spruce, Siberian pine, oak, beech, birch, and aspen. According to the 2010 forest account, the total growing stock of the forest estate is 80 billion m<sup>3</sup>. The country average growing stock of mature and overmature stands (without shrubs) is 132 m<sup>3</sup> /ha. The mean annual increment in volume is rather low in Russia: it is no more than 1.23 m<sup>3</sup> per hectare of forested land.

The annual allowable cut for 2010 was 634 million m<sup>3</sup>, including 61 million m<sup>3</sup> for protection forests and 573



million m<sup>3</sup> for production forests. The greatest allowable cut is set for coniferous forests (128 million m<sup>3</sup>). The actual cut is below 28% of the allowable cut.

In 45 Russian regions, the shares of timber and paper outputs range from 10% to 50% in their total industrial outputs. Forest enterprises and organisations employ over one million people

<http://www.profor.info/sites/profor.info/files/Background-ForestGovernance-Russia-English.pdf>

### Belarus forest resources

In Belarus forests cover area of 9,5 milj hectares. According to the data of the State Forest Ministry Woodenness amounts to 39,3 % Forest industry input into IKP is 1,1%; The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Belarus has fluctuated aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

Total land area 20,748; Inland water bodies 12; Total area of country 20,76

Source: <http://www.mlh.by> , 2015.

Distribution of forests by the dominant species: • pine 50,4%; • spruce 9,2%; • birch 23,1%; • black alder 3,3%; • grey alder 3,3 %; • aspen 2,1%; • other species 3,3%.

Source: <http://www.mlh.by> , 2015.

Timber production by types of cuts, by volume produced (2013): • final cuts 34,5 %; • thinning 45,79 %; • other types of cuts 19,62 %. Source: <http://www.mlh.by>,

### **Biological diversity**

Belarus has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belarus. Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. <http://belstat.gov.by/> (2015.y.) There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 milj ha and area of National parks is 3,98 milj ha.

### **Forest and community**

In 2014 in all kinds of felling there were harvested 12,5 million m<sup>3</sup> marketable timber. Foreign trade surplus made USD 104 million. 1.9 million cubic meter round timber and 191.8 thousand cubic meter sawn timber were sold abroad. Forest products and services were exported to 25 states, including 95,3% to the near abroad and 4,7% to the remote countries. Among the main forest export directions are Poland (47,9% of the total export volume in value terms), Germany (11,4%), Lithuania (10%), Latvia (8,62%), the Netherlands (3,3%), Belgium (3,46%), Sweden (3,25%).

All forest area is certified by PEFC certification scheme..

### Poland forest resources

Poland's forests cover 9.2 million hectares, 30.6 percent of the country's territory making it one of the countries with the largest forest area in Europe. 81 percent of forest land belongs to public institutions and 19 percent to private owners. 77 percent of total forest land is administrated by the State Forests National Forest Holding. The rest of the State forests are national parks (2 percent). Other publicly owned land constitutes 2 percent of total forest area.

69 percent of all trees in Polish forests are coniferous trees, and they dominate stock volume for the wood industry. Coniferous stands are dominated by pine and larch (58.5 % of total forest stands). Other coniferous species in Polish forests include spruce (6.3 %), and fir (3.1 %). Broadleaved trees occupy 31 percent of total forest land. The predominant deciduous forest species in Poland are: oak (7.5% of total forest stands), birch (7.4%), beech (5.8%), alder (5.5%), hornbeam (1.5%), aspen (0.7%) and poplar (0.1%). Stands aged from 40 to 80 years dominate Poland's forests, and the average age of forest stands is 60 years. According to the State Forests, stands aged 41–80 years, representing age classes III and IV, prevail in the forest age structure and cover 26 percent and 19.0 percent of the forest area respectively. Stands aged 41–60 years, class III, prevail in most ownership categories, while in private forests they occupy 35.5 percent of the area. Stands older than 100 years, account for 12.3 percent of the forest area managed by the State Forests. Private forests account for only 2.8 percent. Non-forested land in privately-owned forests accounts for 6.8 percent of their total area, and in the State Forests for 3.2 percent.

According to the country forest inventory, published by Poland's Statistical Office, growing stock of woods stands amounts to 2,491 million m<sup>3</sup> of barked timber, of which in forests managed by the State Forests accounts for 79% of total timber, and in private forests for 16.4%. Resources, i.e. the average growing stock of standing wood calculated per 1 ha of forest area, amounts to 271 m<sup>3</sup>, of which in forests managed by the State Forests is 277 m<sup>3</sup>, and in private forests is 234 m<sup>3</sup>.

Soft sawn wood production accounts for 90 percent of total sawn wood production in Poland. In 2014 sawn softwood production amounted to 4.2 million m<sup>3</sup>. The majority of sawn hardwood was destined for the domestic market and only 18 percent of production was exported. According to Poland's statistics published in the United Nations Economic Commission for Europe (UNECE) report, imports of sawn hardwood by Poland accounted for 50 percent of its domestic production and amounted to 0.25 million m<sup>3</sup> (compared to 0.22 million m<sup>3</sup> in 2013).

Poland is a big producer of wood-based panels in the EU. In 2014 9.2 million m<sup>3</sup> of this product was produced in Poland. Among high value added wood products furniture is of special importance. According to Poland's Ministry of Environment, the value of furniture production (including furniture elements) amounted to PLN 32.3 billion (U.S. \$ 10.2 billion). The wooden packaging (mainly pallets) sector had high development dynamics during the last few years. The value of production amounted to PLN 1.9 billion (U.S. \$ 0.6 billion).

In 2015 FSC certificates were held by 16 out of 17 State Forests Regional Directorates and 2 Forest Experimental Stations. According to the Ministry of Environment, FSC certification covers 6.9 million hectares of forests, or 75 percent of total forested area. In 2015 almost 3,000 FSC-CoC certificates were registered in Poland. Approximately 17 percent of certified companies (313) are certified also in other systems, such as FSC-CW (FSC Controlled Wood). Additionally, 136 companies, or 7 percent, held FSC-RA (FSC Controlled Wood Risk Assessment) certificates, confirming implementation of a risk assessment system for wood supplies. Approximately 70 percent certificates were issued for production companies. These were mainly certificates for the producers of sawn wood, wooden garden products, builder's carpentry and joinery, furniture and its elements, wooden accessories, wood-based panels, wood pulp, and paper and secondary paper products.

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Forestry%20and%20Wood%20Products%20in%20Poland%20Warsaw%20Poland%203-23-2017.pdf>

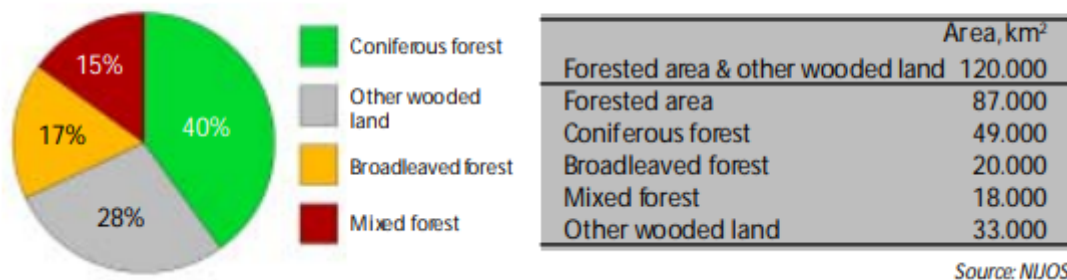
### Norway forest resources

Norway has long traditions in forestry and forest management, and for using wood in constructions and houses and as a source for energy. International trade has been a major element in the Norwegian forest sector since the first sawmills were established more than 400 years ago.



Approximately 88 per cent of the forest area is in private ownership, divided among about 120 000 properties. The majority of the forest holdings are farm- and family forests. Due to the ownership structure and specific terrain conditions, Norwegian forestry is diversified and characterised by small-scale operations/activities. The average size of clear-cuttings are estimated to be 1.4 hectares. Approximately 80 per cent of the harvesting is fully mechanised.

### The forested area of Norway



Source: [https://www.regjeringen.no/globalassets/kilde/ld/bro/2003/0001/ddd/pdfv/177177-norw\\_forests-brosj-eng.pdf](https://www.regjeringen.no/globalassets/kilde/ld/bro/2003/0001/ddd/pdfv/177177-norw_forests-brosj-eng.pdf)

Due to a high demand for forest products, the annual removals exceeded the annual increment by the end of the 19th century. Once this situation was analysed, measures were introduced to restore the forest resources. At present, there is about twice as much standing volume in Norwegian forests as there was 80 years ago. The annual removal is less than 50 per cent of the total annual increment.

Forest and other wooded land cover a total of 12 million hectares. 226 000 hectares, approximately 2 per cent of the total area, is protected through a network of strictly protected areas. Forest protection is high on the political agenda, and it is expected that the area of protected forest land will be expanded the coming years.

[https://www.regjeringen.no/globalassets/kilde/ld/bro/2003/0001/ddd/pdfv/177177-norw\\_forests-brosj-eng.pdf](https://www.regjeringen.no/globalassets/kilde/ld/bro/2003/0001/ddd/pdfv/177177-norw_forests-brosj-eng.pdf)

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2,18 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012.

Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %); protected (14.9 %); and commercial (77.3 %). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2 percent of the forest area. The area occupied by aspen stands is close to 3 percent.

The growing stock given as standing volume per hectare is on the average of 180 m<sup>3</sup> in Lithuania. In nature stands, the average growing stock in all Lithuanian forests is about 244 m<sup>3</sup> per hectare. Total annual growth comes to 11 900 000 m<sup>3</sup> and the mean timber increment has reached 6.3 m<sup>3</sup> per year and per hectare.

Current harvest has reached some 3.0 million m<sup>3</sup> u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m<sup>3</sup>. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result.

The potential future annual cut is calculated at 5.2 million m<sup>3</sup>, of which 2.4 million m<sup>3</sup> is made up of sawn timber and the remaining 2.8 million m<sup>3</sup> of small dimension wood for pulp or board production, or for fuel. The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

Certification of all state forests in Lithuania is done according to the strictest certification in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certificate testifies to the fact that Lithuanian state forests are managed especially well – following the principles of the requirements set to protection of and an increase in biological diversity.

<http://www.fao.org/docrep/w3722E/w3722e22.htm>

## 5.3 Detailed description of Supply Base

### Supply Base

- a. Total Supply Base area (ha): Estonia 2,23 mln; Latvia 3,05 mln; Finland 23 mln; Sweden 28 mln; Russia 885 mln.; Belarus 9,5 mln, Poland 9,2 mln, Norway 12 mln, Lithuania 2,18 mln, Total: 935,38 mln
- b. Tenure by type (ha): Estonia and Latvia 2,65 mln state forests; 2,63 mln private forests, Russia 885 mln state forests; Belarus 9,5 mln ha state forests, Poland 7,452 state and 1,748 mln ha private, Norway 10,56 mln private and 1,44 mln state, Lithuania 1,526 mln state and 0,654 mln private (for Sweden and Finland the exact distribution is not known but using the countries' statistical averages the total split for the countries is 10,8 mln private forests and 4,7 mln state forests.)
- c. Forest by type (ha): boreal Total: 974,16mln
- d. Forest by management type (ha): Total: 974,16mln managed semi-natural
- e. Certified forest by scheme (ha): FSC 76,756 mln; PEFC 39,302 mln
- f. Number of suppliers: 22

More detailed description is provided in SBR (<https://www.graanulinvest.com/eng/environment/sbr>).

## 5.4 Chain of Custody system

Graanul Invest AS holds valid FSC CoC (NC-COC-009116) and PEFC (TT-PEFC-COC44) CoC certificate. FSC certificate also covers controlled wood verification program for Estonia. Graanul Invest AS is using FSC credit system, volume credit system is also used in PEFC system. Company has enforced procedures and

system update that they will buy only FSC certified material from 01.12.2016. All material is minimum PEFC Controlled Sources. FSC Controlled Wood verification program is used only for primary feedstock originating from Estonia. Primary feedstock is purchased only from Estonia. Roundwood can come minimum with FSC or PEFC CW with exception of the daughter companies that can supply Roundwood without claims and the material will go through PEFC Controlled Sources and SBP SBE system.

All secondary and tertiary (pre-consumer reclaimed) input comes with FSC claims.

BP is using FSC credit system for controlling the SBP volumes. PEFC Controlled Sources verification program is used only for primary feedstock originating from Estonia. Primary feedstock is purchased only from Estonia. All secondary and tertiary (pre-consumer reclaimed) input comes with FSC claims.

The organization has also implemented separate credit accounts for SDE+ category 2 and 5 which are implemented on basis of FSC CoC system. SDE+ category 2, only material which is accepted as low risk according the risk assessment are accepted into the credit account and for category 5, only feedstock from secondary sources (such as sawdust or offcuts) is accepted into the credit account. Each time, this material is sold, it is accompanied by SBE compliant biomass claim and therefore deducted from the SBP credit account as well.

Their product groups for the FSC CoC certification include wood pellets only.

PEFC CoC system was used for this SBP evaluation.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

Onsite audit was carried out on 11.11.2019 - 12.11.2019 and it included Graanul Invest HQ and Imavere production site (on 15.11.2019). Scope change onsite part was carried out together with third surveillance audit. Graanul Invest sent first version of risk assessment on 04.11.2019. CB carried stakeholder consultation on 05.11.2019 – 05.12.2019. Stakeholder Consultation carried out via email. On 11.12.2019 auditor called to main stakeholders and asked further information via phone. BP carried stakeholder consultation on 22.11.2019 – 22.12.2019. Closing meeting held on 04.02.2020.

Total of 8.5 auditor days were used for this evaluation – 1 day of preparations, 2 day for review risk assessment and stakeholder consultation, 4 days for on-site auditing and 1.5 day for reporting.

#### 11.11.2019 – 12.11.2019 HQ

Activity	Location	Auditor(s)	Date/Time
Opening meeting*	Office – Humala 2, Tallinn	EP, TTA	11.11.2019 10:00-10:15
Interview with SBP responsible person; other responsible staff  <i>Overview of procedures, SBP Risk Assessment, implementaiton of mitigation measures, review of documentation, review of GHG data, interviews with responsible personnell.</i>	Office – Humala 2, Tallinn	EP	11.11.2019 10:15-12:00
Lunch break			11.11.2019 12:00-13:00
Interview with SBP responsible person; other responsible staff  <i>Overview of procedures, SBP Risk Assessment, implementaiton of mitigation measures, review of documentation, review of GHG data, interviews with responsible personnell.</i>	Office – Humala 2, Tallinn	EP, TTA	11.11.2019 13:00-16:30

Closing meeting – day 1	Office	EP, TTA	11.11.2019 16:30-17:00
Overview of ID2E procedures, Risk Assessment, implementation of mitigation measures	Office – Humala 2, Tallinn	EP, TTA	12.11.2019 9:00 – 12:00
Lunch break		EP, TTA	12.11.2019 12:00 – 13:00
Interview with SBP responsible person; other responsible staff  Overview of procedures, SBP Risk Assessment, implementation of mitigation measures, review of documentation, review of GHG data, interviews with responsible personell.	Office – Humala 2, Tallinn	EP, TTA	12.11.2019 13:00 – 16:30

### 15.11.2019 Graanul Invest AS Imavere pellet factory

Activity	Location	Auditor(s)	Time
Opening meeting	Office – Imavere pellet factory	EP, TTA	12:30 - 12:45
Interview with factory responsible staff; review of management system	Office – Imavere pellet factory	EP, TTA	12:45 – 14:00
Roundtrip in production facilities, interviews with responsible staff, reception of the material, evaluation of incoming feedstock	Production facilities/Office	EP, TTA	14:00–15:00
Audit team internal discussions	Office – Imavere pellet factory	EP, TTA	15:00 – 15:30

#### 04.02.2020 Closing meeting

Activity	Location	Auditor(s)	Time
Closing meeting*	Office – NEPcon OÜ (via phone)	EP	15:30 – 16:15

## 6.2 Description of evaluation activities

Scope change audit was carried out as an onsite audit in Graanul Invest AS HQ and in Imavere production site. Requirements regarding ID2E were also evaluated.

Prior the onsite audit BP sent their risk assessment (Graanul Invest SDE+ COC and RBA Cat .2). Risk assessment was reviewed by auditors. Also review of procedures, stakeholder consultation and other preparations were done prior to onsite audit.

During the onsite audit in HQ (11.11.2019 – 12.11.2019), all applicable indicators of ID2E were evaluated: review of procedures, Risk Assessment for ID2E, implementation of mitigation measures, interviews with responsible personnel, review of invoices, review of mass balance. On 15.11.2019 auditors Graanul Invest AS Imavere production site, where purchase and sales documentation was reviewed and evaluated.

Random sampling was implemented for purchase documentation and origin documents. This was followed by roundtrip in production and storage areas and facilities. Interviews during the round-tour were conducted with responsible staff, also pictures of main processing units were taken. More detail interview was held material receiver who demonstrated what they control and demonstrated the origin control process.

BP carried stakeholder consultation on 22.11.2019 – 22.12.2019. On the beginning of January 2020 BP sent updated risk assessment.

The audit ended with the closing meeting via phone on 04.02.2020.

Composition of audit team:

Auditor(s), roles	Qualifications
Eveli Pind Lead auditor/audit team leader.	M.Sc in Environmental Engineering and Management from Tallinn University of Technology. Previous work experience from wooden window manufacturing. She has passed NEPCons forest management and chain of custody lead auditors training and passed also SBP training. Working in NEPCon as auditor since 2017.
Toomas Tammeleht Audit team member. feedstock.	BSc in forestry and MSc in industrial ecology. Toomas has been working in NEPCon as an auditor since 2016. He has passed NEPCons forest management and chain of custody leadauditors training. Has participated in over 10 FSC forest management audits and has conducted over 100 Chain of Custody audits. He has previously worked for Environmental Inspectorate. Toomas successfully completed SBP training course and he has practical experience with carbon footprint certification.
Asko Lust Audit team member.	BSc in Forest Industry, MSC in forest management. Asko is working as forest management and chain of custody auditor in NEPCon. He has passed SmartWood lead assessor training course in Forest Management and Chain of Custody certification. Asko has also passed SBP training and has SBP auditing experience. He has conducted over 200 CoC

	audits/assessments and over 20 FM audits/assessments, earlier work experience from Board of Environment.
Georg Sten Andrejev, Auditor in training	BSc in Forest Industry. Works for NEPCon since august 2019. Has working experience in timber industry.

### 6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by BP and by CB.

CB carried stakeholder consultation on 05.11.2019 – 05.12.2019. Stakeholder Consultation carried out via email. On 11.12.2019 auditor called to main stakeholders and asked further information via phone. On 20.12.2019 one stakeholder sent to BP and CB feedback via email. Stakeholder consultation included Graanul Invest AS Imavere production, Ebavere Graanul OÜ, Helme Graanul OÜ and Osula Graanul, since all companies have common ownership and scope change audit were planned to the same week.

BP carried stakeholder consultation on 22.11.2019 – 22.12.2019. BP conducted stakeholder consultation process by e-mail message to local municipalities, state institutions and authorities.

Feedback from stakeholders were added by BP to updated risk assessment.

## 7 Results

### 7.1 Main strengths and weaknesses

Main strengths: all processes have been well documented; main database for material balances is well maintained and all relevant information can be reported.

Weaknesses: See NCRs below.

### 7.2 Rigour of Supply Base Evaluation

The SBE scope was decided based on Imavere plant's feedstock profile. After assessing the existing controlled feedstock suppliers and SBP-compliant material demand the preliminary suppliers list was put together. These suppliers were approached and informed about SBP and the WKH risk mitigation requirements. The suppliers who expressed readiness to implement the mitigation measures were further consulted and provided with guidelines on how to move forward with the WKH risk mitigation measures and documentation requirements. The suppliers who rejected the changes were removed from the GI suppliers' list and no longer supplied feedstock to Imavere pellet plant.

BP is using approved risk assessment and mitigation measures described in their SBR.

Based on the SBP endorsed regional risk assessment for Estonia, there is only one specified risk area in Estonia – indicator 2.1.2 referring to potential threats from forest management activities to areas with high conservation value. In case of Estonia the potential threats to Woodland Key Habitats (WKHs).

Controlled feedstock within Imavere plant's SBE is only considered to be low risk and SBP-compliant IF the mitigation measures have been applied. Once a feedstock supplier is listed in the GI suppliers' list they have proven that their wood origin documentation is maintained throughout the supply chain from the felling site to the biomass producer. Their WKH risk mitigation procedures are in place within the supply chain with credible evidence. All suppliers who are going to supply secondary feedstock via SBE must be audited before they will be accepted as supplier of SBP compliant feedstock Primary feedstock that goes through SBE will be controlled each time material is received. This is done by material receiver at the gate who will control if the material is coming from WKH or not.

### 7.3 Collection and Communication of Data

BP has a system to gather and record Greenhouse Gas emissions. During the audit, BP made detailed overview of the systems and databases to gather and record such data.

Data is gathered from suppliers about the distances from where material is transported, all production data is recorded in BP production database, information about fossil fuels used is based on invoices and production logs. During the reporting period electricity was bought from grit, evidence based on invoices and meters. Transportation distances from pellet factories to harbours and pellet volumes are recorded in database. Information about energy and fuels used during the loading of the material in ports was asked from port operators and this information was available during the audit.



All the GHG information is indicated in SAR document. All evidence was provided to auditors, auditors considered it sufficient enough to fulfil the requirements

## 7.4 Competency of involved personnel

Overall responsible person for implementing SBP together with SBE is Head of Quality and Certification Systems. Supply Base Evaluation was performed by internal personnel only. SBR was reviewed by central office's top management: CEO, COO, Head of Quality and Certification Systems, Biomass Purchasing Manager and the Head of Forestry.

Overall responsible person has all required competences, education and work experience from timber and industry sector and these are also described in procedures.

According to interviews, review of biomass producer quality manager's CV and set of procedures and documents that were composed for the SBP system, auditors evaluated the competency of main responsible staff to be sufficient.

Graanul Invest SDE+ COC and RBA for Category 2 was established by Peterson Projects with small post audit edits from Graanul Invest HQ. Important role in development of the risk assessment played also external consultant Uldis Zurilo.. Addition relevant experts in the forest management field from Estonia were consulted. Uldis Zurilo – MSc. in Forestry. Uldis has over 20 years of experience working in the certification market as an auditor and manager for Nepcon Latvia. After leaving Nepcon, Uldis moved on to work with FSC group certification and is now the manager of one the biggest FSC certification groups in the Baltics. He also works as a consultant for SBP, FSC, PEFC as well as EUTR. E-mail: lodretsia@gmail.com.

## 7.5 Stakeholder feedback

CB got one feedback via phone on 11.12.2019 that in risk assessment BP should add some information under mitigation measures, what kind of databases they use for mitigating measures for PEFC Certified material. CB informed BP about it. BP added all relevant databases to their RBA. See Exhibit 2.

BP got feedback on 20.12.2019 via email from one Stakeholder (CB was added to email letter as cc for information, that stakeholder letter was sent). BP has added comments from Stakeholder and answers to their updated version of RBA Annex C. BP See Exhibit 2.

BP got all together 3 feedbacks from stakeholders. These comments are listed in RBA Annex C with Graanul Invest responses. See Exhibit 2.

### **Stakeholder 1**

*Throughout the document the name of Graanul Invest group varies from Graanul, Graanul Invest, Graanul Invest, Granuul. Suggestion: to use the same name in the whole document so that it would be clear that the document is all about the same company.*

*The document mentions cubic meters in places that talk about solid timber (chapter 7.1). For the sake of correctness „solid cubic meters“ should be used.*

*The science title of the consulted expert in 7.2.2 is Msc but shoul be MSc.*

*Response by BP: The document was a draft document with some typos. The RBA is about the same company and „Graanul“ is the author's chosen short version for Graanul Invest group that should be used*

throughout the document. „Solid“ is added to places that talk about solid cubic meters. The science title is corrected.

CB Conclusion (Stakeholder 1): BP updated their RBA and made changes based on comments from stakeholders. CB accepted these changes and thinks it is sufficient

### **Stakeholder 2**

Under 7.4 Risk mitigation and measures the „Mitigation for criteria 7.1“ should be clarified and should specify the databases that are used for the mitigative measure.

Response by BP: Section 7.4 has been clarified with the following: The HCVs in the scope of this RBA are FSC HCV 3 “Natura 2000 forest habitat types, woodland key habitats, potential woodland key habitats and HCV 6 “The forests containing natural sacred places including crossed trees (South-Estonia funeral procession tradition).”

The databases used for mitigation of criteria 7.1 are: the databases are reloaded quarterly to be up to speed with potential updates

<http://register.keskkonnainfo.ee/envreg/main?list=RAH&mount=view#HTTpcEOPLVtbLi19Qhffxv4z9QvIc78bPI>

<https://ee.fsc.org/ee-ee/fsc-sertimine/kontrollitud-puit/vaeaeriselupaigad>

<http://hiiepaik.ee/vaata/kaardirakendus/>

CB Conclusion (Stakeholder 2): BP updated their RBA and made changes based on comments from stakeholders. CB accepted these changes and thinks it is sufficient.

### **Stakeholder 3**

#### **3.2.1. The economic operator shall demonstrate that the biomass is not sourced from land that was converted from wetland to an alternative (dryer) ecosystem after 1 January 2008.**

According to the Agricultural Board’s data for 2018, 26,000 hectares of drainage was reconstructed in Estonian State Forests. Estonian regulations permit drainage to be expanded by 10% during replacement work. (<https://www.riigiteataja.ee/akt/108052019001>). This means that as many as 2,600 hectares of wetlands may have been newly drained. The State Forest Management Centre has plans to reconstruct drainage in 100,000 hectares, creating the possibility of an additional 10,000 hectares of wetland drainage. There is no complete data about the reconstructed or newly drained area on private lands, but there is a measure under the Common Agricultural Policy which endorses drainage restorations. The replacement of old drainage systems often happens in places where the old system was smaller and old ditches were lower, i.e. where drainage was less effective. There are no public environmental impact assessments for drainage activities in which environmental experts could participate. The intensive drainage reconstruction definitely degrades wetlands in Estonia. We have raised the issues of drainage and its negative environmental impacts through the FSC process but with no results. We therefore conclude that FSC certificate does not guarantee that timber does not come from a former wetland. We have not raised the issue in PEFC system, but as it is much lenient forest standard there is no reason to conclude that it guarantees that unwanted timber is sourced in that system.

Response by BP: Reconstruction of existing drainage systems cannot be viewed as drainage capacity increase. The purpose of old soviet time drainage system repairs is to maintain the stable conditions of forest water table and soil conditions that have been unchanged for decades. Clogged drainage has devastating

*impacts on forest soil conditions, causes erosion and upstream sedimentation. Furthermore, since the forest drainage systems are parallel to forest roads it is vital for the drainage systems to work in order to keep the forest roads safe and accessible. Forest roads are the most important tool for fighting forest fires and the only reason why Estonian forest fires are controlled relatively quickly.*

*The drainage systems repair work expansion limit of 10% is less than the % of volume the system has lost since it was constructed. State Forest has Environmental Impact Assessments publicly available for all larger drainage reconstructions <https://www.rmk.ee/organisatsioon/keskkonnategevus/keskkonnamoju-analuusid/keskkonnamoju-analuusid-2009-2018>.*

*Drainage system reconstruction is viewed as a forestry best management practise and is even subsidised by the Environmental Ministry <https://www.riigiteataja.ee/akt/106012017005?leiaKehtiv> because of the positive impacts and importance they have in the future of Estonian forests.*

*There is a very detailed public database about drainage systems and repair works which includes the year of construction, reconstruction, dimensions, impact area, maps, owner and satellite images over time <https://xgis.maaamet.ee/xgis2/page/app/maaparandus>.*

*All drainage system reconstruction is not on forest land and making connections between woody biomass and drainage system reconstructions is impossible. New drainage systems are only built after Environmental Impact Assessments with strict requirements and third party evaluation (environmental experts).*

*CB Conclusion: While the CB agrees with the stakeholder that reconstruction of old drainage system is a negative activity, it is not considered to be against the SBP standard as these sites are not considered wetlands anymore due to the fact that they were drained in the past already and therefore the wetlands were already destroyed (prior 2008). The CB disagrees with the justification of the BP about the positive effect of the drainage system but agrees with the final risk designation.*

#### **4.1.1. The economic operator shall provide clear and sufficient evidence that harvesting rates and methods ensure that carbon stocks, in terms of tree stands or other carbon proxies, are maintained or increased in the medium or long term.**

*Forecasts show that Estonian carbon stocks will decrease in the long and short term if current logging volumes are maintained, and that forest carbon sink will decrease in the coming decades. Those forecasts have been published by calculations have been made by the Estonian Environmental Agency, and the conclusions can be found here: [https://www.envir.ee/sites/default/files/enn\\_part\\_16.05.2019.pdf](https://www.envir.ee/sites/default/files/enn_part_16.05.2019.pdf) On slide 7 of this presentation, an estimate of the maximum logging volume for maintaining forest carbon stock is presented. It is 6.8 million cubic meter in final cuttings per year, plus an additional 2 million cubic metres of selective logging and thinning. In 2017, Estonia's logging volume was 12.5 million cubic meters per year; at this rate the carbon stock of Estonian forests will decrease in the long and short term. A similar outcome is presented also in Estonia's Report pursuant to Articles 13 and 14 of Regulation (EU) 525/2013: [https://www.envir.ee/sites/default/files/contenteditors/Kliima/kasvuhoonegaaside\\_poliitikaid\\_meetmeid\\_ja\\_ognoose\\_kasitlev\\_aruanne\\_15.03.2019.pdf](https://www.envir.ee/sites/default/files/contenteditors/Kliima/kasvuhoonegaaside_poliitikaid_meetmeid_ja_ognoose_kasitlev_aruanne_15.03.2019.pdf) (page 49-50)*

*Response by BP: The linked Environmental Agency presentation explains the results of a 100 year projection about the average final cuttings per year to estimate how it would impact the carbon stocks between 2020-2120. The forecast is based on growing stock, forest areas and age classes of different species and estimates how much forest will be harvested in the future (based on the forest management requirements and patterns of the last decade 2010-2020). The 100 year projection's weighted average for the final cutting rate per year is not aimed as a limit to be immediately followed but shows what the average volumes will be if the current forestry patterns are continued for 100 years. The fact that logging volumes are higher now doesn't mean that the weighted average for the decade will be as high and it does not mean*

such volumes will continue to be harvested in the future. The harvesting rates are dictated by 10 year forest management plans and harvesting permits which make sure the long term carbon balance is maintained on FMU level and therefore on country level. High harvesting intensity for consecutive years means there will follow a period with very low harvesting rates so that the FMU 10 year limits and plans are followed. The FMUs are split into smaller lots which are managed in a cyclical system enabling one lot to start regeneration before the next one can be harvested. Official government forest inventory most recent statistics (and last 5 year) statistics show harvesting rate is below forest growing stock and even below growing stock of managed forests. This clearly shows the forest management routine works and retains carbon balance. The report for Estonia's Report pursuant to Articles 13 and 14 of Regulation (EU) actually indicates that the forest land binds less carbon in the future due to aging of forests. This supports age class based forest management.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and the low risk for this indicator is justified.

**7.2.1. Threatened and endangered species and their habitats (e.g. nesting and feeding areas) that are present or are likely to be present within the FMU are identified based on 'best available information' known to and observed by the economic operator, and on what could be learnt from neighbours and other local stakeholders.**

There are many threatened and endangered species that have not been systematically surveyed and are frequently harmed by forest management activities. Many threatened and endangered species have a weak national protection status that does not adequately reflect their rarity. For example, there is a fungi called *Tricholoma colossus* that is critically endangered according to IUCN red list categories. Despite its rareness, it is only listed in the III category of protection which means that it is very difficult to set restrictions to forest management in its habitat. There is a list of rare forest bird species whose numbers have been declined due to forest management. For example, *Tetrao urogallus* (IUCN category: vulnerable (VU)), *Tetrao tetrix* (IUCN category: near-threatened (NT)), *Accipiter gentilis* (IUCN category: near-threatened (NT)) numbers are declining.

Response by BP: There is a very advanced public map system for endangered species, protection zones and restriction areas in state and public forests <https://register.metsad.ee/#/>. The registry is updated by governmental Environmental institutions and the restrictions are clearly included in all harvesting permits. If it is evident that a certain species is not receiving the appropriate protection then its status and restrictions will be reviewed and changed by the many environmental experts of the governmental agencies.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required. We agree that there is number of species which protection status does not adequately reflect their rarity but despite this fact, it is considered that the system of nature protection in the region is well developed and this is mostly single, isolated cases rather than a systematic omission of protection of certain species.

**7.2.2. In the presence of threatened and endangered species within the FMU, appropriate forest management practices to protect or maintain the presence of threatened or endangered species and their habitats within the FMU have been defined and implemented. Appropriate forest management practices include, but are not limited to: • Conservation zones (or protected areas). Size and location of the conservation zones conform to national and local legislation and are sufficient to guarantee the continuing presence of the identified species. Conservation zones have been identified and marked on maps and, where necessary, on the ground in a way that is visible when entering the zone; and • Reduced harvesting methods to protect nesting and breeding sites.**

The official protected area system in Estonia does not guarantee the continuing presence of threatened and endangered species. For example, the flying squirrel *Pteromys volans* (IUCN category: vulnerable (VU)) needs forest landscape coherence. Large scale clear-cuts lead the species to isolation - because flying squirrel hops from tree to tree, it cannot pass big clear-cuts. Much larger scale landscape planning is needed to ensure that the flying squirrel does not become extinct in Estonia.

[https://www.envir.ee/sites/default/files/lendorava\\_ktk\\_eelnou\\_kodukale.pdf](https://www.envir.ee/sites/default/files/lendorava_ktk_eelnou_kodukale.pdf)

Another example is the black stork *Ciconia Nigra* (IUCN category: endangered (EN)) whose nests are strictly protected but who needs natural watercourses as its main feeding habitats. Because of forest drainage there are very few of these left in Estonia. Therefore, the continuing presence is not guaranteed by protected areas and zones.

Response by BP: These are very rare but well known cases in Estonia which are under special attention and action plans. It is impossible that harvesting permits would be issued in areas connected with these cases.

If endangered species are evident within an FMU then this is included in the forest management plan and harvesting permit. It is very rare for a harvesting permit to be issued when a habitat of an endangered species is close. Single cases do not mean that there is an overall risk.

CB Conclusion: The CB agrees that large scale clear cuts or drainage might lead to weaken protection status of some specific species. This issue is quite broad and would require change in the local forest management practice and probably change in the legislation. The CB investigated the extend of the problem and while the BP response to the stakeholder comment is not considered as fully relevant, we agree that the current mitigation measured developed by the BP shall address this problem.

**8.1.1 Specific measures have been taken to maintain and if necessary, improve the soil within the FMU in terms of structure, fertility and biological activity. As a minimum, site preparation and harvesting methods within the FMU have been designed to minimise soil compaction and maximise the retention of nutrients on-site.**

There are no legal requirements to protect forest soil in Estonia. There is a clause in the Forest Act that prohibits soil damage on more than 25% of the logging area. Soil damage is very common in Estonia, because there are many forests growing on wet land. Winters are getting warmer and the soil will not freeze in the winter.

Response by BP: Estonian Environmental Agency records show violations of surface/soil damage below 5% of all forestry violations in the last 10 years. This shows the site preparations and harvesting methods are well established and the risk to soil damage is very low. See chapter 7 of Forest Year Book 2016

[https://www.keskkonnaagentuur.ee/sites/default/files/mets2016\\_08.09.pdf](https://www.keskkonnaagentuur.ee/sites/default/files/mets2016_08.09.pdf)

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required.

**8.1.2 All forestry operations within the FMU with a potential negative environmental impact, with an emphasis on watershed protection (e.g. coasts, riverbanks), areas susceptible to erosion and slopes, are accompanied by appropriate control systems and procedures. Control systems are based on national or regional best practices with regard to erosion and sediment control, minimisation of forest damage during harvesting, road construction and other mechanic disturbances under specific weather conditions (all-weather harvesting vs. dry weather harvesting).**

No such system exists in Estonian forest or nature conservation legislation. Logging along the Baltic Sea coast and around and Lakes Võrtsjärv and Peipsi are more restricted than elsewhere, with clearcutting



banned. In other parts of Estonia, clear-cuts of up to 2 hectares are permitted next to a waterbody. This applies to all waterbodies (other than coast of Baltic Sea, Võrtsjärv and Peipsi) and no impact assessments or alleviation methods are carried out. As mentioned above, soil damage during logging operation, especially in wetland forests.

Response by BP: Every known waterbody in Estonia has at least 10m restriction zone around it. Even small ponds in private forests. Clear cuts on coasts are not allowed or very restricted. Forest management plans even include slope maps so that heavy machinery would not be taken to areas with erosion or landslide risk.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required.

**8.2.2 All forestry operations within the FMU with a potential negative environmental impact are accompanied by appropriate control systems and procedures with regard to protection of water resources both within and downstream from the FMU, based on national and regional best practices.**

There is no such system in place. There are no legal mechanisms in place to monitor negative impact on water bodies. Another serious negative impact derives from forest drainage and its restoration projects. This is not mitigated and environmental impact assessments are not publicly being carried out.

Response by BP: State forest and Environmental agencies monitor the conditions of old drainage systems. State forest reconstructs many old drainage systems so that the water table and watercourse network in forests would remain stable and to avoid upstream sedimentation. The Environmental ministry subsidises reconstruction of drainage systems in private forests.

<https://www.riigiteataja.ee/akt/106012017005?leiaKehtiv> It is a very well monitored and documented part of Estonian forestry.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required.

**8.3.1 Site preparation and harvesting methods have been designed to minimise soil compaction and maximise the retention of nutrients onsite.**

Soil damage is extremely common in Estonian forestry practice. Forestry legislation allows 25% of the forest soil to be damaged during logging. No special methods are used by operators to mitigate the negative impact of harvesting on the soils.

Response by BP: It is a well monitored aspect of forestry. Estonian Environmental Agency records show violations of surface/soil damage below 5% of all forestry violations in the last 10 years. This shows the site preparations and harvesting methods are well established and the risk to soil damage is very low. See chapter 7 of Forest Year Book 2016

[https://www.keskkonnaagentuur.ee/sites/default/files/mets2016\\_08.09.pdf](https://www.keskkonnaagentuur.ee/sites/default/files/mets2016_08.09.pdf)

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required.

**8.3.2 There is evidence that specific measures have been taken to ensure that sensitive areas are sufficiently protected from erosion or fire.**

There are no measures in place to protect forest soils from erosion or mitigate negative effects of erosion to water bodies.

Response by BP: Soil is a well monitored aspect of forestry. Estonian Environmental Agency records show violations of surface/soil damage below 5% of all forestry violations in the last 10 years. This shows the site preparations and harvesting methods are well established and the risk to soil damage is very low. See chapter 7 of Forest Year Book 2016

[https://www.keskkonnaagentuur.ee/sites/default/files/mets2016\\_08.09.pdf](https://www.keskkonnaagentuur.ee/sites/default/files/mets2016_08.09.pdf)

Every known waterbody in Estonia has at least a 10m restriction zone around it. Even small ponds in private forests. Clear cuts on coasts are not allowed or very restricted. Forest management plans even include slope maps so that heavy machinery would not be taken to areas with erosion or landslide risk.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required.

**9.1.1 There is a clear methodology to determine the Annual Allowable Cut (AAC) or harvest per forest type.**

The annual allowable cut is only calculated for the State Forest. The AAC calculated today exceeds the limit that can be sustained in the long term (see above). We have addressed the issue during State Forests annual FSC audits but without any effect. This means that FSC certification does not ensure compliance with this indicator. More can be read from State Audit Office report on the sustainability of State Forest Management Centre's forest management:

<https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/567/View/Docs/amid/557/language/et-EE/Default.aspx>

Response by BP: Every FMU with a forest management plan has long term allowable cuts established for every lot. FMUs without management plans receive harvesting permits based on centralized forest taxation data. This is all very controlled and centrally monitored by the state. Cutting rates and permits are well implemented without certification schemes.

CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required. Only feedstock from FMUs with FMP will be received as SDE+ category 2.

**9.1.2 The allowable harvest level is based on conservative, well-documented and the most current estimates of growth and yield in order to not jeopardise the forest's productive potential in the medium to long term.**

The State Audit Office analysed the sustainability of the State Forest Management Centre's (RMK) forest management activities in 2010 and concluded the following: "The National Audit Office believes that the RMK does not manage state forests in a sustainable manner and thereby threatens the opportunities of next generations to use state forests. The RMK has performed clear cutting in state forests on larger areas in the last ten years than in previous decades. In some forest types, such as fertile spruce forests, the RMK has had to reduce its prescribed yield considerably, as the area of forests ready for cutting has decreased as a result of management. Continuing to cut forests in current quantities would reduce the area of old forests in better forest types considerably, which would mean that the ecological conditions of forests would deteriorate and the yield obtained from the state forest in the future would fall." RMK has increased its annual loggings in the current decade. The audits and other material can be found from the State Audit Office website:

<https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/567/View/Docs/amid/557/language/et-EE/Default.aspx>

*Response by BP: Every FMU with a forest management plan has long term allowable cuts established for every lot. FMUs without management plans receive harvesting permits based on centralized forest taxation data. This is all very controlled and centrally monitored by the state. State Forest keeps their 10 year forest management plans publicly available <https://www.rmk.ee/metsamajandamine/metsamajandus/metsamajandamiskavad> each plan in based on the most current estimates and data of the forests and therefore comparing performance of different decades does not provide any real feedback. The fact that state forest did not have enough equipment and funds to manage the forests appropriately in the 90s does not mean the increased capacity and new procedures of 2000s are unsustainable.*

*CB Conclusion: The CB considers the BP answer to stakeholder comment as well argued and no change in the risk assessment is required. Only feedstock from FMUs with FMP will be received as SDE+ category 2.*

Further steps in communication with stakeholders by CB: After public summary is uploaded to SBP database: <https://sbp-cert.org/>. CB will inform all stakeholders whom participated in the stakeholder consultation about the results and will encourage them to submit additional comments in the future

## 7.6 Preconditions

No open preconditions. All Major non-conformities were closed before the report finalisation.

There were identified 3 MAJOR NCR.



## 8 Review of Company’s Risk Assessments

*Describe how the Certification Body assessed risk for the Indicators. Summarise the CB’s final risk ratings in Table 1, together with the Company’s final risk ratings. Default for each indicator is ‘Low’, click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.*

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 1 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2)

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 1 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2)

The Organization has presented also Graanul Invest SDE+ COC and RBA Cat .2 where the risk was evaluated for each indicator from the SBP Instruction document 2E. The first presented draft lead to number of non-conformities (see below) which were addressed by the BP in the second draft of the risk assessment. Number of NEPCon experts (both internal and international) participated on the review of the risk assessment, namely:

Eveli Pind

Asko Lust

Toomas Tammeleht

Pilar Gorria

The final risk designation was considered by the audit team as consistent and correct.

**Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low

1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Specified	Specified
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

**Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.**

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low

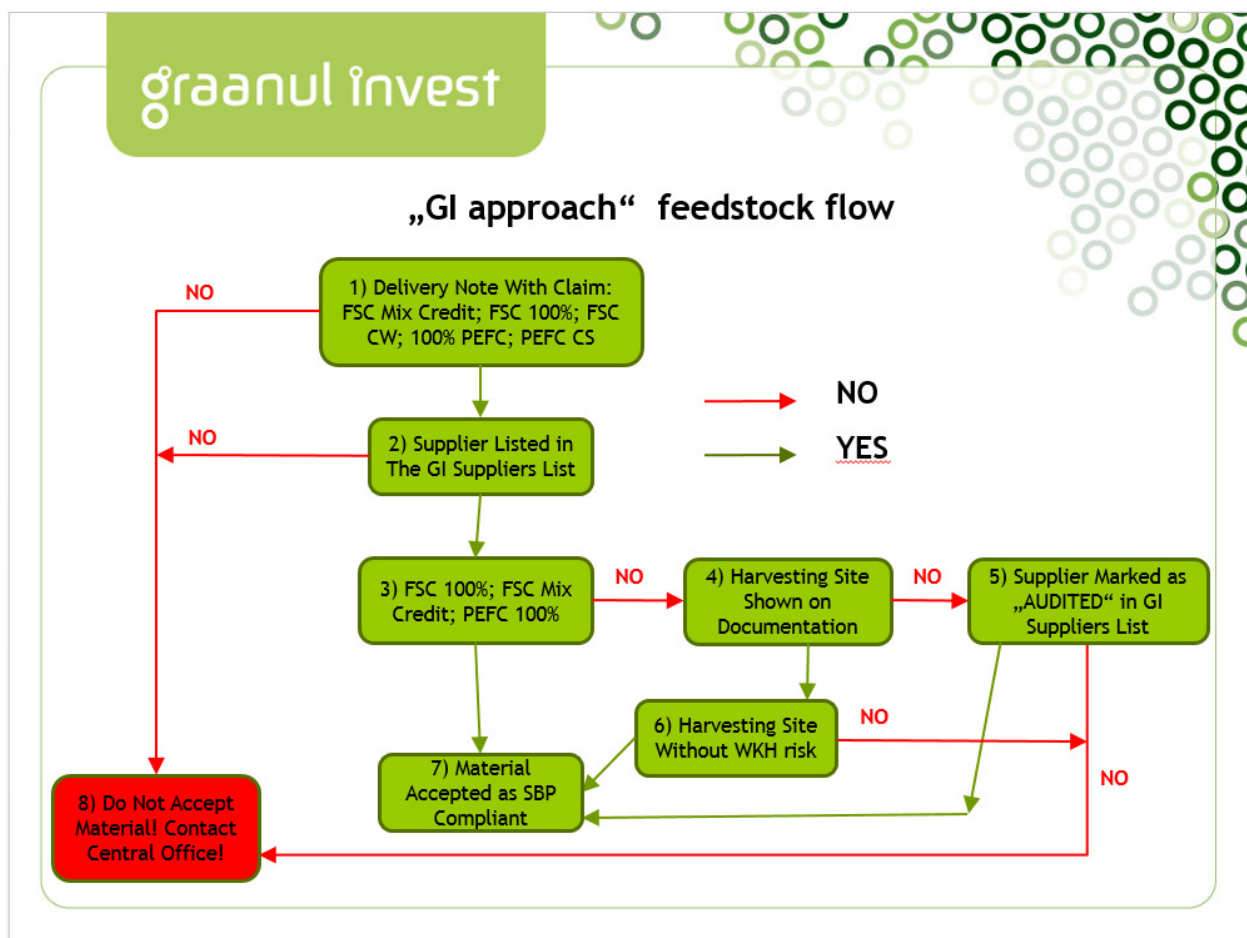
Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low

2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

## 9 Review of Company’s mitigation measures

Below is explained the whole cycle of feedstock flow through AS Graanul Invest direct and indirect mitigation measures “GI approach”. Mother company Graanul Invest AS has compiled common procedures for all Estonian sites including Graanul Invest AS – Imavere factory pellet plant.



1) Every feedstock delivery has to have a delivery note with feedstock type, weight/volume, certification claim and code. The format and content have to be according to FSC and PEFC standards. This is examined by pellet plant personnel before the delivery is allowed through the gate.

2) The GI Suppliers List consist of the companies who are approved by central office and are allowed to deliver feedstock to Graanul Invest AS – Imavere factory pellet plant. The list is updated every 3 months and a supplier only qualifies for the list if:

- a. They have a valid certificate visible in the certification scheme’s online database.
- b. The certificate includes the feedstock types they supply.
- c. They source their controlled feedstock from inside Estonia’s borders, inside the SBE (information from waybills).
- d. They have expressed readiness to implement the mitigation measures and provide evidence.
- e. They have signed a contract with AS Graanul Invest which included the WKH risk mitigation

measures appendix (WKH information comes from public forest registry).

f. In case they are not a contractual supplier they must have received the WKH risk mitigation measures' guidelines from AS Graanul Invest.

g. They must have attended the AS Graanul Invest suppliers training seminar (registration was recorded).

**If one of the conditions from “d”, “e”, “f” or “g” is not met then the supplier only qualifies for the GI Suppliers List if they have been audited by AS Graanul Invest central office and approved. The conditions “a”, “b” and “c” have zero tolerance and not meeting them automatically disqualifies the supplier. *Supplier does not qualify until supplier is approved by central office.***

3) If the feedstock is forest management certified then it is SBP-compliant. The accepted certification claims are FSC 100%, FSC Mix Credit, FSC Mix 100% or 100% PEFC Certified Material.

4) If the feedstock is controlled feedstock then the harvesting site information has to be shown on the documentation. Controlled feedstock is defined as feedstock with certification claims “FSC Controlled Wood” and “PEFC Controlled Sources”.

5) If controlled feedstock does not have the harvesting site information in the delivery documentation then the feedstock can only be accepted if the supplier has been audited by AS Graanul Invest central office and approved. Approved suppliers are marked as “AUDITED” in the suppliers list. This possibility exists because some feedstock suppliers have a WKH risk mitigation measure in place but do not segregate material for their clients. Therefore the risk is low but the exact harvesting site is not known. This system is accepted but has to be audited before.

6) If the controlled feedstock documentation includes the harvesting site information then the site is checked, by Graanul Invest AS – Imavere factory pellet plant personnel, from the Environmental Agency's WKH database or Forest Registry's WKH map. If the harvesting site does not have a WKH on it the material can be accepted as SBP-compliant.

7) SBP-compliant material is allowed to enter the pellet plant territory and is stored according to the storage plan. The compliant material is recorded according to its' quality and sustainability characteristics.

8) Whatever the reason for feedstock rejection the pellet plant has to register and report the case to central office. Each case will be reviewed individually and measures will be taken to avoid similar issues in the future.

Suppliers supplying secondary material via SBE will be audited first by BP to ensure the material is not originating from WKH. During the supplier audit BP is controlling following aspects:

- demonstration of the control procedure carried out by the supplier's responsible person(s);
- demonstration of recorded monitoring data;
- random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results;
- demonstration of the supplier's WKH register and corrective actions taken;
- feedstock storage conditions;

All audit findings and results are documented and these were reviewed by BP.

Secondary feedstock:

Suppliers supplying secondary material via SBE will be audited first by BP to ensure the material is not originating from WKH and from outside of Estonia. For secondary feedstock, wood origin documentation maintained throughout the supply chain from the felling site to the biomass producer. During the supplier audit BP is controlling following aspects:

- demonstration of the control procedure carried out by the supplier's responsible person(s);
- demonstration of recorded monitoring data;
- all primary feedstock deliveries and the verification of the recorded monitoring results;
- demonstration of the supplier's WKH register and corrective actions taken;
- feedstock storage conditions;

Roundwood for secondary feedstock is originated only from Estonia.

All audit findings and results are documented and these were reviewed by BP. Auditors conducted two witness audits of the suppliers of secondary feedstock that was audited by BP. In pellet mill auditors witnessed how responsible staff is controlling whether primary feedstock is originating from WKH or not. Also related documentation was controlled during the audit.

As for primary feedstock purchased by the BP, all incoming deliveries are entered and verified by receptionist, who is using delivery documents, a list of approved suppliers and publicly available databases (<http://register.metsad.ee/avalik/>) to verify that the delivered primary feedstock has not been sourced from WKHs. This was demonstrated during the audit. For secondary feedstock covered by SBE company will conduct onsite audits on supplier production sites to confirm that material is originating only from Estonia and it is not from WKH. Audit reports were reviewed during the onsite audit.

#### **SDE+ Category 2 mitigation measures:**

##### Graanul Invest SDE+ COC and RBA Cat .2 for Estonia Conclusion:

BP accepts FSC 100% roundwood as it is and it will be 2020-2022 SDE+ compliant.

BP accept FSC Controlled Wood roundwood with a mitigation measure of proving the FMU had a forest management plan. Then it becomes SDE+ compliant. (See mitigation for criteria 10.2 below)

Accept 100% PEFC roundwood with a HCV mitigation measure in line with FSC CW. Then it becomes SDE+ compliant. (See mitigation for criteria 7.1 below)

No solution for PEFC Controlled Sources roundwood. So, BP cannot accept material with PEFC Controlled Sources roundwood to SDE+ system.

##### Mitigation for criteria 7.1:

The HCV definition as well as approach to managing HCVs requirements specified in the Verification Protocol are the same as in FSC (arguably, FSC standard requirements are even stricter). FSC CNRA for Estonia (page 62-72) includes a detailed analysis and expert opinions of the situation as well as risks regarding HCVs in Estonia. The HCVs in the scope of this RBA are FSC HCV 3 "Natura 2000 forest habitat types, woodland key habitats, potential woodland key habitats and HCV 6 "The forests containing natural sacred places including crossed trees (South- Estonia funeral procession tradition)." The mitigation measure established by Estonia FSC itself is to control or restrict material coming from origins listed in respective databases (also provided by FSC Estonia). The used databases are accessible below:

HCV 3

<http://register.keskkonnainfo.ee/envreg/main?list=RAH&mount=view#HTTPfhiTM0Z35ZR5hchDqyM>

v3PxLe3mxYI

<https://ee.fsc.org/ee-ee/fsc-sertimine/kontrollitud-puit/vaeeriselupaigad>

<https://register.metsad.ee/#/>

HCV 6

<http://hiiepaik.ee/vaata/kaadirakendus/>

Graanul has uploaded these restrictions into pellet plant gate where the responsible person receives the information about the origin (FMU level) from the delivery note and use the software (above mentioned database) which automatically highlights if there is any overlap of the FMU with site where potential HCV could occur. Every truck is checked at the gate before the material can be accepted. The responsibility to record and segregate material is with the pellet plant and the overall responsible person is the Head Of Quality and Certification Systems.

Graanul records all PEFC certified material, which overlaps with FSC Estonia HCV databases. Such material is not considered as low risk or SDE+ compliant. PEFC certified material that does not overlap with recorded as low risk and SDE+ compliant.

As for primary feedstock purchased by the BP, all incoming deliveries are entered and verified by receptionist, who is using delivery documents, a list of approved suppliers and publicly available databases (<http://register.keskkonnainfo.ee/envreg/main?list=RAH&mount=view#HTTPfhiTM0Z35ZR5hchDqyMv3PxLe3mxYI>; <https://ee.fsc.org/ee-ee/fsc-sertimine/kontrollitud-puit/vaeeriselupaigad>; <https://register.metsad.ee/#/>; <http://hiiepaik.ee/vaata/kaadirakendus/>) to verify that the delivered primary feedstock has not been sourced from risk designated areas. This was demonstrated during the audit.

Mitigation for criteria 10.2:

The forest management plan (FMP) is developed according to Estonian law is in line with all SDE+ requirements. Therefore material accepted from Estonia with a FSC Controlled Wood claim can be proven to be low risk and SDE+ compliant if there is evidence of a state approved FMP in place for that FMU. The existence of the FMP is checked through public forest registry <https://register.metsad.ee/#/>. If the FMU has a forest lot level distribution and inventory in the registry and the FMP effective date is less than 10 years (at time of purchase) it can be concluded with high probability that the FMP is in place. Material with such data in the forestry registry can be classified as low risk. Graanul Invest checks this for all FSC Controlled Wood claimed material and records the ones with evident FMPs as SDE+ compliant and the ones without as non-compliant. The responsibility to record and segregate material is with the pellet plant and the overall responsible person is the Head Of Quality and Certification Systems.

Material with FSC Controlled Wood claim is accepted only from their daughter companies. This material is mitigated on Graanul Invest HQ level. Material is always accepted only with FMP and this is agreed with their daughter companies. During onsite audit, auditor sampled some FMUs and checked the presence of FMP. All controlled FMU had FMP available.

## 10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

<b>NC number</b> 04/20	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.10.1
<b>Description of Non-conformance and Related Evidence:</b>	
The standard requires that the organisation shall conduct stakeholder consultation and gather information following the requirements of Standard 2 section 13. Organisation has not conducted stakeholder consultation about the RBA and proactively approached stakeholders by the time of the audit. Auditors decided to raise a Major non-conformity, NCR 04/20.	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Stakeholder consultation email, updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP started stakeholder consultation on 22.11.2019. Stakeholder consultation lasted 30 days. See Exhibit 1. All feedback from stakeholders were added to risk assessment. See Exhibit 2.
<b>NC Status:</b>	Closed

<b>NC number</b> 05/20	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.3
<b>Description of Non-conformance and Related Evidence:</b>	
The standard requires the organisation to comply with the requirements in standard section 5. During the review of the RBA it turned out that standard section 5 is not used fully. Indicators 4.1, 7.2, 7.3, 8.4, 8.6, 8.7, 8.8 were not covered in RBA. The responsible person was not aware that the indicators were missing. Since many indicators were missing from the RBA, auditors decided to raise a Major non-conformity NCR 05/20.	
<b>Timeline for Conformance:</b>	3 months from the report finalisation



<b>Evidence Provided by Company to close NC:</b>	Updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP compiled updated version of their risk assessment, where missing indicators were added. All changes were made by Head of Quality and Certification Systems.
<b>NC Status:</b>	Closed

<b>NC number 06/20</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.9.1
<b>Description of Non-conformance and Related Evidence:</b>	
<p>During the review of the risk assessment and interviews with the responsible person it turned out that the organisation has not gathered all the relevant information and not added it to the risk assessment document. For example, only partly were described usage of stumps, material from plantations, risks from FSC controlled wood risk assessment, soil damage, erosion, using of NTFPs and budget information. Since there were relevant information missing, auditors decided to raise a Major non-conformity NCR 06/20.</p>	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP compiled updated version of their risk assessment, where relevant information was added. All changes were made by Head of Quality and Certification Systems.
<b>NC Status:</b>	Closed

## 11 Certification decision

<b>Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Ondrej Tarabus
<b>Date of decision:</b>	24/Feb/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>