

Supply Base Report: Ardor OÜ

First Surveillance Audit

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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

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1 Overview

Producer name: Ardor OÜ
Producer location: Tööstuse 7, Sõmeru, Rakvere Parish, 44201, Lääne-Virumaa, Estonia
Geographic position: 59°21'22.00"N, 26°25'59.80"E
Primary contact: Viljo Aros, +372 528 8250, viljo.aros@warmeston.ee
Company website: www.ardor.ee
Date report finalised: 13/Dec/2019
Close of last CB audit: 13/Dec/2019 Kilksama village, Tori Parish, Pärnu County, Estonia
Name of CB: Nepcon
Translations from English: Yes - Estonian
SBP Standard(s) used: SBP standard 2 v 1.0
 SBP standard 4 v 1.0
 SBP standard 5 v 1.0
Instruction Documents: Instruction Document 5E: version 1.1
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>
SBP Endorsed Regional Risk Assessment: <https://sbp-cert.org/documents/risk-assessments/estonia>
Weblink to SBE on Company website: www.ardor.ee

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

2 Description of the Supply Base

2.1 General description

2.1.1 Introduction

Ardor OÜ is an Estonian based wood pellet producer which owns a production facility in Sõmeru. The facility is located in the northeastern part of the country approximately 27 km from the coast of the Port of Kunda. See Figure 1.

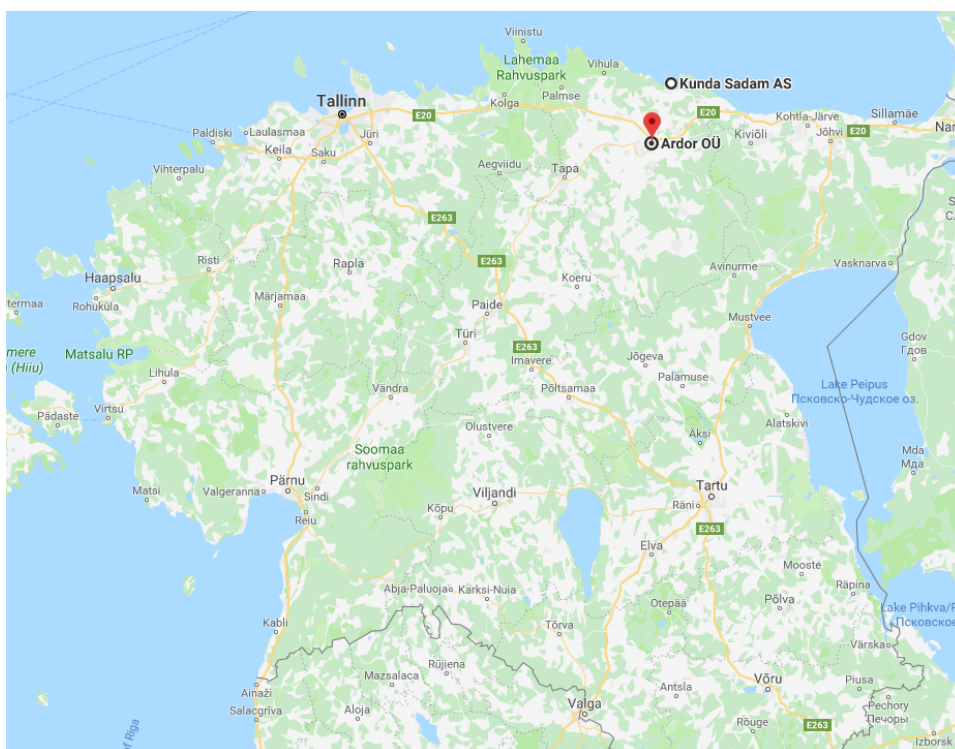


Figure 1. Location of Ardor OÜ's plant (google maps)

Ardor OÜ sources all its raw materials from Estonian secondary manufactures or further downstream industry. The suppliers include planing mills, window and door frames, furniture etc. According to the EUTR Regulation No. 995/2010 Ardor OÜ 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 such Ardor OÜ defines its supply base, to cover all current and potential future suppliers, as follows:

- Estonia
- Latvia
- Lithuania
- Finland
- Sweden

- Belarus
- Denmark
- Italy
- Norway
- Russia (North-West region)
- Ukraine
- USA

Ardor OÜ sources only feedstock that meets SBP-controlled or SBP-compliant feedstock criteria. An overview of the proportions of SBP feedstock product groups from 1st December 2018 to 30th November 2019 i.e over the last 12 months (hereinafter referred to as ‘Reporting Period’) is presented in the table below:

Table 1. Overview of Ardor OÜ Factory SBP feedstock profile ‘Reporting Period’

Feedstock product groups	Estimated Proportion	Indicative number of suppliers	Species mix
SBP-compliant Feedstock (Tertiary)	66%	19	<i>Alnus</i> spp: <i>Alnus glutinosa</i> ; <i>Alnus incana</i> (L.) Moench; <i>Betula</i> spp: <i>Betula Pendula</i> , <i>Betula verrucosa</i> ; <i>Picea abies</i> ; <i>Pinus sylvestris</i> ; <i>Populus</i> spp: <i>Populus tremula</i>
SBP-controlled Feedstock (Tertiary)	34%	15	<i>Alnus</i> spp: <i>Alnus glutinosa</i> ; <i>Alnus incana</i> (L.) Moench; <i>Betula</i> spp: <i>Betula Pendula</i> , <i>Betula verrucosa</i> ; <i>Picea abies</i> ; <i>Pinus sylvestris</i> ; <i>Populus</i> spp: <i>Populus tremula</i>

2.1.2 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 stakeholders¹. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020² 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.

¹ http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm

² 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

The forest is defined in the Forest Act. There are three main forest categories are described in this legislation: commercial forest, protection forest 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 area³ and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed⁴. 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. Overall there is 1 491 863 ha⁵ of FSC certified and 1 241 612 ha⁶ of PEFC certified forest.

Currently more than 2 232 000 ha, equal to 49,3%⁷ of the Estonian land territory, is covered by forest. Forestry Development Plan 2012-2020 and Yearbook Forest 2017, 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 14 mill m³ per year⁸. The amount is in line with sustainable development principle when the cutting rate doesn't exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

The distribution of growing stock by tree species in Estonia is shown in Figure 2.



Figure 2 The distribution of growing stock by tree species (Yearbook Forest 2017).

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 database⁹.

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing

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

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

⁵ FSC Facts and Figures, March 1, 2019

⁶ PEFC Global Statistics SSFM & CoC Certification, December 2018

⁷ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

⁸ Yearbook Forest 2017 <https://www.keskkonnaagentuur.ee/sites/default/files/mets2017.pdf> (all key figures, graphs and tables are bilingual)

⁹ <http://register.metsad.ee/avalik/>

the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act¹⁰. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992¹¹ and joined the International Union for Conservation of Nature (IUCN) in 2007¹². There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2017 the wood, paper and furniture industry (823,7 million euro) contributed 25.7% to the total sector providing 4.0% 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 and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access.¹³

2.1.3 Latvia

Latvia is a parliamentary republic that joined the EU in 2004. In Latvia, forests cover area of 3 356 000 hectares equal to 54,0%¹⁴ of the land territory. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), woodness amounts to 55.8%. The Latvian State owns 1 755 000 ha of forest, while 1 594 000 ha is privately owned. 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 metres.

Distribution of forests by the dominant species:

- Pine 34.3%;
- Spruce 18.0%;
- Birch 30.8%;
- Black alder & grey alder 10.0%;
- Aspen 5.4%

The field of forestry in Latvia 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.

Implementation of requirements of the national law and regulations issued by the Cabinet of Ministers notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture.¹⁵

¹⁰ <https://www.riigiteataja.ee/en/eli/517062015004/consolide>

¹¹ <http://www.envir.ee/et/cites>

¹² <http://www.envir.ee/et/iucn>

¹³ https://www.eesti.ee/eng/topics/citizen/keskkond_loodus/maa/metsandus_1

¹⁴ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

¹⁵ <https://www.vmd.gov.lv>

Management of the state-owned forests is performed by the public limited company Latvijas Valsts Meži, established in 1999.¹⁶ 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. The share of forestry, wood-working industry and furniture production amounted to 6 % GDP in 2012.

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, microreserves 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. On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions are to be preserved, thus providing habitat for many organisms. Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, but there are no CITES tree species naturally growing 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 (2012). 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.

All forest area of Latvijas valsts meži as well as some part of forests in private and other ownership are FSC and PEFC certified. All together there is 1 083 567 ha¹⁷ FSC certified and 1 707 039 ha¹⁸ PEFC certified forest in Latvia.

2.1.4 Lithuania

Lithuania is a parliamentary republic that joined the EU in 2004. Forested land consists of about 34.8%, with 2.18 million ha¹⁹. Approximately 837 000 ha of the forest is privately owned. The south-eastern part of the country is most heavily forested, and here forests cover about 45% of the 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.

¹⁶ <https://www.lvm.lv>

¹⁷ FSC Facts and Figures, March 1, 2019

¹⁸ PEFC Global Statistics SSFM & CoC Certification, December 2018

¹⁹ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

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.

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management. 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. The dominant forest composition is the following:

- Scots pine 37.6%,
- Spruce 24.0%,
- Birch 19.5%,
- Alder 11.2%,
- Ash 2.7%;
- Aspen 2.6%,
- Oak 1.8%,

There are no CITES tree species naturally growing in Lithuania.

To secure and maintain SFM both state and private forests are monitored and inspected by the Lithuanian State Forest Department, which also develops the main forestry management rules. Before commercial activities in the forests can commence, the State Forest Department requires a long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting License for separate sites. The Harvesting Licence determines what kind of forest felling system is allowed and which species and in what amount can be harvested in the area. It also determines the forest regeneration method at each harvesting site. The Harvesting Licence (licence number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.

Total annual growth comes to 11 030 000 m³ and current harvest has reached some 9.0 million m³ 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 m³. 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 m³, of which 2.4 million m³ is made up of sawn timber and the remaining 2.8 million m³ 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.

The total value added in the forest sector (including manufacture of furniture) reached EUR 1.2 billion in 2011 and was 25% higher than in 2010. Its share in the total national value added has increased from 3.7% (2010) to 4.2% (2011). The biggest share (EUR 520 million) of the value added in the sector was generated by the furniture industry.

There is ca 819 269 ha²⁰ FSC certified forest in Lithuania, but no PEFC certified forest area.²¹

²⁰ FSC Facts and Figures, March 1, 2019

²¹ PEFC Global Statistics SSFM & CoC Certification, December 2018

2.1.5 Finland

Finland is a parliamentary republic that is a member of the EU since 1995.

Forests cover 73.1% of Finland's land area which accounts to ca 22 218 000 ha²². Almost half of the volume of the timber stock consists of pine (*Pinus sylvestris*). The other most common species are spruce (*Picea abies*) downy birch (*Betula pubescens*) and silver birch (*Betula pendula*). These species make for 97% of total timber volume in Finland.²³

The Forest Act regulates the felling of timber in Finland. Regional Forestry Centres control the implementation of the forestry legislation and accept forest use declarations in which forest owners inform about the stand characteristics, intended measures, regeneration and ecological concerns on the site before the felling can take place. Regional Environment Centres control the implementation of Nature Conservation Act. The Finland's National Forest Programme also states the importance of legal wood and lists measures to promote sustainable wood and to control illegal logging both nationally and internationally.²⁴

Private forest owners (mostly families) own the majority (60%) of Finnish forests. Owner needs to get acceptance for forest use declaration from regional forest centres. The state owns 26% of the Finnish forests, private industries, such as forest industry companies 9% and other bodies 5%. The state forests are mainly situated in the north of Finland, and 45% of them are under strict protection. State lands are managed by Metsähallitus.

Certification is voluntary for the forest owner however around 75% of Finnish forests have been certified under the PEFC certification system (Programme for Endorsement of Forest Certification). Certification criteria are stricter than decrees or legislation, which means that in practice, certification determines the standard of silviculture in Finland. Some Finnish forests have also been certified under the Forest Stewardship Council (FSC), however this forms only approximately 6% of the total forest area.

There is ca 1 623 863 ha²⁵ FSC certified forest and 18 037 840 ha²⁶ PEFC certified forest in Finland.

According to a report by UNECE²⁷ the amount of illegal logging in Finland is negligible. An extensive national forest inventory, national forest programme and regional forest programmes, widely spread individual forest management plans and large share of private non-industrial ownership of forests contribute to almost non-existence of markets for illegal timber and negligible amount of illegal logging in Finland.

Finland joined CITES in 1976. Nowadays the national legislation for the implementation of CITES and relating EU regulations is the Nature Conservation Act (1096/1996), which came into force in the 1st of January 1997. IUCN National Committee of Finland was approved by IUCN Council in 1999.

The forest sector is one of key supporters of Finland's economy. In 2011 it employed directly about 70,000 people in Finland, which was 2.8% of all employees. One fifth of Finland's export income comes from forest

²² State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

²³ <http://www.smy.fi/en/forest-fi/finnish-forests-resources/>

²⁴ <http://fsc.force.com/servlet/servlet.FileDownload?file=00P3300000YU8ihEAD>

²⁵ FSC Facts and Figures, March 1, 2019

²⁶ PEFC Global Statistics SSFM & CoC Certification, December 2018

²⁷ http://www.unece.org/fileadmin/DAM/timber/docs/sem/2004-1/full_reports/Finland.pdf

industries. More than 60% of the value added generated by the forest industries came from pulp and paper industries and the rest from wood products industries in 2011. Regionally, the importance of the forest sector is largest in southeastern corner of Finland and in Etelä-Savo and Central Finland regions, where the sector produces some 10% of the regional GDP.

Similar to Estonia, Finland has a relatively rare concept of Everyman's rights (Jokamiehenoikeus) which gives everyone, Finns and other nationalities alike, the right to move freely outdoors. Picking berries and mushrooms is permitted even on privately owned land; thus free forest access provides, in addition to products for local or family consumption, income-earning opportunities for those who sell non-wood forest products. Everyman's right has traditionally been exercised with due concern for the environment and common courtesy to the landowner or those living in the vicinity.

A group considered as an indigenous people in Finland is the Sámi. Their rights have been secured in many laws e.g. the Constitution, the Sámi Parliament Act, the Act on the Finnish Forest and Park Service and the Act on Reindeer Husbandry. The Sámi Parliament is the supreme political body of the Sámi in Finland. The Sámi Parliament represents the Sámi in national and international connections, and it attends to the issues concerning Sámi language, culture, and their position as an indigenous people. The Sámi Parliament can make initiatives, proposals and statements to the authorities. The Sámi Parliament Act also states that the authorities have an obligation to negotiate with the Sámi Parliament for all important measures that concern the Sámi people. These include for example the use of state land and conservation areas.

2.1.6 Sweden

Sweden is a parliamentary constitutional monarchy that joined the EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sveaskog is Sweden's largest forest owner and is owned by the State. Sveaskog owns 14% of forest land in Sweden, spread across the entire country.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 28.073 million hectares which is 68.4% of land area in Sweden²⁸. Spruce and pine are by large the predominant species in Swedish forests. These two species count for more than 80% of the timber stock. In northern Sweden pine is the most common species, whereas spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m³. In recent years felled quantities have been between 85 and 90 million m³, whereas annual growth amounts approximately to 120 million m³.

²⁸ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90% of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220.000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established an IUCN National Committee.

Private forest owner families hold about 50% of Swedish forests, privately owned forestry companies about 25% and the State and other public owners have the remaining 25%. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

FSC certified forests amount to 13 370 511 ha²⁹ and PEFC certified to 15 927 847 ha.³⁰

The forest products industry plays a major role in the Swedish economy, and accounts for between 9-12% of Swedish industry's total employment, exports, sales and added value.

Similar to Estonia and Finland, Sweden everyone has the Right of Public Access to roam the Swedish countryside including walking, camping, climbing and picking flowers.

2.1.7 Belarus

Some of the tertiary feedstock from spruce and pine used by Ardor OÜ may originate from Belarus.

The Republic of Belarus has vast forest land areas and rich historical traditions in the area of forestry, as well as a high level of forest management and multiple-use of forest resources.³¹ In Belarus forests cover area an of 9,23 million hectares which is 44.5% of land area.³² According to the data of the Ministry of Forestry of the Republic of Belarus the area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

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%.

²⁹ FSC Facts and Figures, March 1, 2019

³⁰ PEFC Global Statistics SSFM & CoC Certification, December 2018

³¹ Atlas of the forest sector in Belarus of the Finnish Forest Research Institute;
<http://www.metla.fi/julkaisut/workingpapers/2010/mwp170.pdf>

³² State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

Forest industry input accounts for 1.5 to 2% of national GDP.³³ For 2016 in the system of the Ministry of Forestry from all kinds of cuttings 15.1 million cubic meters of wood were harvested with a planned volume of 12.5 million cubic meters. From January-December 2016 exported forest products and rendered services amounted to 140 million USD. 2.6 million cubic meters of timber and 324 thousand cubic meters of sawn timber was exported.³⁴

In Belarus the basic principles of the organization of forest exploitation are defined by the state program of development of forestry of Republic of Belarus, National strategy of sustainable development of Republic of Belarus and the Forest Code of Republic of Belarus. Forest management legislation of Belarus is based on the Constitution of the Republic of Belarus and includes: the Forestry Code, Presidential Decrees and other legal acts of the Republic of Belarus regulating the utilization, protection and reproduction of forests. The legal status of the forest regulation is defined in the Forest Code, e.g licences and harvest permits in Belarus. Forest use carries out on the base of the felling license, the order and/or the forest license.

Belarus have forest management plans for all their forests.³⁵ According to the Forestry Code, forestry management and forest utilization without carrying out of the forest regulation, are forbidden. The information about the forest fund of the Republic, monitoring of the changes in forest under every jurisdiction, planning and estimation of the rational, long-term and sound forest utilization are the responsibility of the Republic Unitary Forest Regulation enterprise “Belgosles”.

In the Republic of Belarus all the forests belong to the state, and most forests (>85%) are managed by the Ministry of Forestry, within which there are more than 95 forest-management enterprises. The ministry is responsible for the rational forest utilization and their protection and regeneration. This is done keeping in mind the preservation of biodiversity, environmental protection, recreational functions and scientific purposes.³⁶

Forest land in Belarus is distributed among two groups: 51% belongs to forests of group I, and 49% belongs to forests of group II. Forests of group II are exploitable forests and are meant for wood harvesting, while forests of group I are protected forests and conservation and recreation areas where commercial clear cutting is prohibited.³⁷

In Belarus can be found large areas of forests undisturbed by man, i.e. over 100,000 ha. There are large forest areas of active conservation management for biodiversity (MCPFE Class 1.3)³⁸. There are two strictly protected Nation reserves and four National parks present in Belarus at the moment. Area of National reserves accounts 2,98 million ha and area of National parks is 3,98 million ha. 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 certification is realized according to the schemes of the Forest Stewardship Council (FSC) and within the framework of the Forest Certification System of the National Conformity Approval System of the Republic

³³ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

³⁴ <http://www.mlh.by>

³⁵ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

³⁶ <http://www.mlh.by>

³⁷ Forest Code of Republic of Belarus, <http://naviny.org/2000/07/14/by58851.htm>

³⁸ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

of Belarus recognized by Pan European Forest Council (PEFC). 2011 the Forest Certification System of the National Conformity Approval System of the Republic of Belarus was accredited by PEFC regarding the certification of forestry products or their derivatives on the origin. There are 8 934 866 ha FSC certified forests and 67 forest enterprises are certified according to the requirements of the FSC, for Chain of Custody, there are 173 certificates issued.³⁹ For PEFC, there is 8 595 160 ha certified forest area and 104 enterprises are certified according to the Chain of Custody PEFC schemes in Belarus.⁴⁰

2.1.8 Denmark

Some of the tertiary feedstock used by Ardor OÜ may originate from Denmark.

Denmark has about 615,000 ha of forest (2013 data). This is equivalent to approximately 14% of the total area of Denmark. About 72% of the Danish forest area is forest reserves (fredskov), which includes all public forest. The Forest reserves are used for timber production, but nature and recreational values are also important. Forest reserves are covered by the Forest Act and shall be managed according to the law. Forest outside forest reserves can also be used for forest management, but management activities of these forests are covered by the Nature Protection Act.

Forests in Denmark are divided into private forests (70%), and State and Municipal owners, 24%, trust funds or foundations, 4%, and unknown owners, 2%.

Danish forestry is primarily regulated through the Forest Act. The Danish Nature Agency under the Ministry of the Environment and Food is responsible for monitoring of Danish forests. A forest inventory was carried out in 2013 and, prior to that, in 2000 and 1990. This inventory describes statistical data for forest resources, forest health, biodiversity, and demography of the forestry.⁴¹ Conifers take up 50% of the total forest land, while deciduous trees account for 46.4%. Most species of deciduous tree, such as oak and beech, are indigenous to Denmark, while conifers have been imported over the past 200-300 years. For example, the most common tree species in Denmark is the Norway spruce, imported from other European countries like Sweden and Germany, while other species such as Sitka spruce and Douglas fir have been imported from North America.⁴²

Forests classified as Natura 2000 forests (13% of the Danish forest area) require a harvest notification. Notification is made to the Danish Nature Agency, who then decides whether permission can be granted; with the decision taken on the proviso that the natural condition of the forest will not deteriorate. For other types of forest harvest, permits are not required by law. In 2012 the Danish Nature Agency adopted a series of action plans for implementation of Natura 2000. Article 19 of the Forest Act regulates international nature protection, including Natura 2000 areas. The Species Conservation Notice 4 lists protected reptiles, amphibians, fish, invertebrates and plants in Denmark. The forest manager is obliged to protect protected species if he is aware of their presence in his forest. He will then make sure that the prescribed care is taken. This is especially relevant for birds nesting in the trees and for woodpeckers and bats. The Forest Act describes all requirements for the protected species. There are no tree species classified as CITES species in Denmark.⁴³

³⁹ FSC Facts and Figures, March 1, 2019

⁴⁰ PEFC Global Statistics SFM & CoC Certification, December 2018

⁴¹ FSC-CNRA-DK V1-0

⁴² <https://eng.mst.dk/trade/forestry/>

⁴³ FSC-CNRA-DK V1-0

There are 306 FSC Chain of Custody certificates issued. FSC certified forest area is 214 859 ha and number of certificates issued is 4.⁴⁴ For PEFC, there is 274 325 ha certified forest area and 100 enterprises are certified according to the Chain of Custody PEFC schemes in Denmark.⁴⁵

Denmark has a total harvest of 4.3 million cubic meters per year and the forest industry input accounts for less than 1 % of national GDP.⁴⁶

2.1.9 Italy

Some of the tertiary feedstock used by Ardor OÜ may originate from Italy.

The area of the Italian Republic is 301,338 km². Italian forests cover more than 9.2 million ha (Mha), equivalent to about one-third of Italy's total national area. Only 93,000 ha are classified as primary forests, while 8.5 Mha are considered as naturally regenerated forests and almost 0.64 Mha are forest plantations (mostly Poplar). Italian forests are mostly located in hilly or mountainous areas: 65% of them are situated above 500 m altitude.⁴⁷

About 42% of forests are managed as coppice, whereas stand (high) forests represent 36%, and the remaining proportion consists of riparian or rupicolous forests and shrubs. In particular, coppices predominate in Central-Southern Italy, whereas most of the productive high forests (mainly coniferous ones) are in the north-eastern part of the country. Broadleaved species such as beech, oak, poplar and chestnut make up two-thirds of the total growing stock at national scale, while the main coniferous species are pine, spruce and larch.⁴⁸ In Italy, over 80% of the forests were regenerated by natural means.

At national level, the Ministry of Agricultural, Food and Forestry Policies is responsible for defining the strategic objectives for forest policies, but competences and responsibilities for agriculture and forestry matters (including issuing of harvesting permits and approval of management plans) have been transferred to regional administrations. Each regional administration has defined forest legislation, therefore planning and harvesting procedures are defined and related permits are issued according to regional laws.

About 66% of Italian forests are privately owned, mostly by individuals (79%). The remaining 34% forests are public, with a prevalent role played by local municipalities (65.5%). Forest areas with a valid forest management plan in place represent only 16% of total national forest area, with significant differences among regions.

As for protected forest area, Natura 2000 sites make up 22.2% (1.9 Mha) of the Italian forest area, 15% of which (1.3 M ha) also lies within national or regional parks, and 1% (0.11 Mha) is comprised of natural reserves or other protected areas. The forest area included within national or regional parks shall be managed according to mandatory park management plans, while activities in areas falling within Natura 2000 sites must comply with management plans defined at site-scale. According to laws, forest management activities shall not compromise forest continuity and therefore not involve unauthorized land use changes. In Italy there are two

⁴⁴ FSC Facts and Figures, March, 2019

⁴⁵ PEFC Global Statistics SFM & CoC Certification, December 2018

⁴⁶ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

⁴⁷ FAO Global Forest Resources Assessment 2015

⁴⁸ NEPCoN Timber Legality Risk Assessment, version 1.1; August 2017

forest-occurring species listed in the IUCN Red List categories as “critically endangered”: *Abies nebrodensis* and *Zelkova vasicula*.⁴⁹

There are 2,332 FSC Chain of Custody certificates issued. FSC certified forest area is 65,433 ha and number of certificates issued is 18.⁵⁰ For PEFC, there is 819,017 ha certified forest area and 719 enterprises are certified according to the Chain of Custody PEFC schemes in Italy.⁵¹

The nominal value added in the forest sector by Italy was EUR 18.5 billion in 2010 and the forest industry input accounted for less than 1 % of national GDP.⁵²

2.1.10 Norway

Some of the tertiary feedstock used by Ardor OÜ may originate from Norway.

Norway, officially the Kingdom of Norway, has a total area of 385,252 square kilometres. Norway provides a wide diversity of land-forms, nature-types and biodiversity, and forests covering approximately 40 % of the land areas. The main forest types used for commercial forestry are spruce forest, pine forest, birch forest, and (marginally) oak forest. Boreal deciduous forests, beech forests and thermophilous deciduous forests are currently in minor degree relevant areas for forestry. 96.3 % of the wood products from Norwegian forests are traded as certified products (mainly PEFC, some both PEFC and FSC), which is a large proportion compared to most countries.

There are ca. 127.500 properties with productive forests in Norway. 231 properties are larger than 2 000 hectares, covering 19 % of these forests, and 90 % of the forest properties are smaller than 100 hectares. Most of the forests are owned by private forest owners (77 %), while the state owns 7 % (Statskog SF). The rest is owned by companies, the church, forest-commons and municipalities.

Norwegian forests are mainly managed as areas for the purpose of agriculture, nature and outdoor activities and reindeer herding) according to each municipality’s masterplan for area classification. In most of the forest areas, no permits are needed before logging however in *Protective Forests* bordering the mountains, in selected areas along the coast and in some other regions various notification forms or applications must be sent to, and approved by local forest authorities prior to logging. The Forestry Act was renewed in 2005, and forestry has relatively few regulations in Norway. Each municipality has authorities responsible for the management of forestry and forest-owners. Harvesting is regulated by the Ministry of Agriculture and Food. Most of the logging, thinning and planting is conducted by professional entrepreneurs on contracts for timber buyers.

3,2 % of all the productive forests are strictly protected within nature reserves and national parks in Norway. Protected areas where forestry is allowed are controlled through specific regulations made for each applicable area. These regulations specify whether a management plan or harvesting plan is mandatory for the area in question. Management plans are approved by the Norwegian Environment Agency, and conducted at county-

⁴⁹ State of Europe’s Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

⁵⁰ FSC Facts and Figures, March 1, 2019

⁵¹ PEFC Global Statistics SFM & CoC Certification, December 2018

⁵² State of Europe’s Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

or municipality level depending on the given authority. Norwegian Nature Inspectorate has the task to ensure that the rules are followed in accordance with regulations and management plans.

There are 2355 species classified as threatened according to the latest version (2015) of the Norwegian Red List for species (Henriksen & Hilmo 2015d). Of these, 241 species are categorized as Critically Endangered (CR), 879 are Endangered (EN), and 1237 are Vulnerable (VU). 1122 threatened species (47,6 % of all threatened species) live fully or partly in forest habitats.⁵³

There are 59 FSC Chain of Custody certificates issued. FSC certified forest area is 641 003 ha and number of certificates issued is 5.⁵⁴ For PEFC, there is 7 380 750 ha certified forest area and 73 enterprises are certified according to the Chain of Custody PEFC schemes in Norway.⁵⁵

Forest industry input accounts for less than 1% of national GDP.⁵⁶

2.1.11 Russia (North-West region)

Some tertiary feedstock from spruce and pine may originate from Northwest Russia (appr. 60 million ha). Russian forests are semi-natural managed forests with native tree species. Plantation is not a form of forest management widely practiced in Russia. Forest area has favourable environment for natural regeneration of coniferous species (pine and spruce).



Figure 3. Northwest Russia

The Russian Federation has the world's largest forests, comprising 1/5 of the Earth's total forest cover, 71% of which are coniferous. Half of the country's territory is covered with forests; however, only 50% of these forests are economically accessible. Russian forests are usually divided into four major geographic regions: European Russia, Western Siberia, Eastern Siberia, and the Russian Far East.

⁵³ FSC-NRA-NO V1-0

⁵⁴ FSC Facts and Figures, March 1, 2019

⁵⁵ PEFC Global Statistics SFM & CoC Certification, December 2018

⁵⁶ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

The total area of forest land in Russia is approximately 809.090 million hectares which is 49.4% of land area.⁵⁷ Annual allowable forest cut in Russia is 597 million cu. m, less than 30% of which is annually utilized.

Most Russian forests are represented by boreal forest ecosystems dominated by pine, larch, spruce and fir. The most widespread tree species in Russia is larch, which grows primarily in Siberia and the Russian Far East. The mostly prevalent broad-leaved species are aspen and birch. Relatively small areas are covered with oak, elm, beech, walnut and hornbeam. Overall, more than 180 aboriginal tree and shrub species are found in Russia.

Considerable forests, especially in Siberia, remain undeveloped due to the absence of the necessary infrastructure. Development of roads is difficult due to climatic (esp. permafrost) and financial challenges. On the one hand, this makes it possible to keep large areas of virgin boreal forests intact; on the other hand, this situation results in a shortage of good-quality timber in accessible forests.

Over 40% of Russian forests have very low productivity due to climatic conditions and low economic accessibility. However, these forests have important protective functions, necessary to balance the climate, regulate water flow and prevent soil degradation. They are also of key importance to biodiversity preservation. To ensure these protective functions of forests, 204 federal protected areas have been established in Russia with a total area of about 58 million hectares and several thousands of regional protected areas. There are 43 517 194 ha⁵⁸ FSC certified forests and of PEFC certified 20 694 095 ha⁵⁹ in Russia.

Virtually all of the forests in the Russian Federation remain state-owned and are referred to by Russians as belonging to the 'Forest Fund.' A small percentage of forests do exist outside this Fund and include city forests, forests controlled by the Ministry of Defence, forests of protected areas, and former forests of rural municipalities. The Forest Code of the Russian Federation is the foundational body of laws and regulations outlining the management and use of forests. The new version of the Forest Code was approved in December 2006 and put into force on January 1, 2007. The Ministry of Agriculture of the Russian Federation has overall responsibility to develop government policy and forest legislation. Russian Federal Forest Agency implements state forest policy and has control functions over forest agencies in Russia's region to supervise their progress with respect to forest management and control.

Forest management units ('lesnichestvo') and forest parks are responsible for forest management at the local level. However, they only have functions of management. Forestry activities are implemented either by leaseholders on their leased forest lands or by contracted organizations selected through a competitive basis by auction and paid for by the state budget.

The right to harvest timber is provided either by rent agreements, or by forest stand sale agreements in cases when the forest land is not actually rented. There are several principle differences between these two legal norms: a rent agreement is valid for 10 to 49 years, whereas a forest stand sale agreement is valid for 1 year or less. Moreover, a renter is responsible for all activities regarding forest protection and regeneration, and must provide documents regarding planning and actual fulfilment of activities. Due to unwillingness or inability

⁵⁷ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

⁵⁸ FSC Facts and Figures, March 1, 2019

⁵⁹ PEFC Global Statistics SSFM & CoC Certification, December 2018

of renters to fulfil these obligations, more than 50 % of timber in Russia is harvested through short terms for forest stands sale agreements.⁶⁰

Russia accounts for over 20 percent of the world forests, but its share in the world forest products trade is below 4 percent. Semi-processed roundwood and sawnwood make up over 54 percent of its exported wood products. The share of the forest sector in the gross domestic product (GDP) is only 1.3 percent; in industrial production, 3.7 percent; in employment, 1 percent; and in export, revenue 2.4%.

Illegal logging is a serious problem in the Russian Federation. There is no single reliable figure to describe its scale, but comparison of data from various sources of information and experts' estimations suggests that 10 to 35 % of all timber logged in Russian is illegal.

According to Russian Federation law regarding the Red Data Book, any use of or damage to listed species is considered a crime, including the damaging of environment where these species grow. In addition to the Red Data Book, the Government of the Russian Federation has approved The List of Tree and Shrub Species for which Timber Harvesting is forbidden in the Russian Federation. There are 5 CITES listed tree species naturally growing in Russia.⁶¹

2.1.12 Ukraine

Some of the tertiary feedstock used by Ardor OÜ may originate from Ukraine.

Ukraine is a country in Eastern Europe with total area of 603,628 km². The total land area of the forest fund of Ukraine is 10.4 million hectares. About 50% of forests have mostly ecological significance and a limited forest management regime. The total forest cover of Ukraine is 15,9%. Forests are distributed within the country very unevenly. They are concentrated mainly in Polissya and in the Ukrainian Carpathians. Forests of Ukraine are divided into 4 categories according to their primary functions as shown in the table below:⁶²

Category	Area (million hectares)
Exploitation forests	3.9
Protective forests	3.4
Recreational and health-improving forests	1.6
Forests of environment-protective, scientific and historical and cultural purpose	1.4

The composition of forests by tree genus:⁶³

- Pine 34,7%
- Hornbeam 3,7%

⁶⁰ "Keep It Legal Country Guide: Practical Guide for Verifying Timber Origin Legality" Russia. 2010, WWF Russia, available at <http://www.wwf.ru/resources/publ/book/eng/409>.

⁶¹ "The Russian Federation Forest Sector Outlook Study to 2030" 2012, FAO, available at: <http://www.fao.org/docrep/016/i3020e/i3020e00.pdf>

⁶² FSC-NRA-UA V1-0 NATIONAL RISK ASSESSMENT FOR UKRAINE 2017

⁶³ <http://www.encyclopediiaofukraine.com/display.asp?linkpath=pages%5CF%5CO%5CForest.htm>

- Oak 26,3%
- Spruce 9,9%
- Beech 9,3%
- Birch 5,4%
- Alder 4,2%
- Fir 1,4%
- Ash 1,4%
- Aspen 1,2%
- Other 2,5%

Ownership rights and land tenure rights for forestry lands are clearly regulated by Forest code and Land code. Forests of state ownership is subordinated to the State Agency of Forest Resources of Ukraine (SAFRU) which is responsible for forest management on an area of 7.6 mln ha (73% of all the forests of Ukraine).

Forest inventory and monitoring are conducted at the national level. Planning of forest management and harvest by forestry enterprises must be conducted on the basis of forest inventory materials. The limit of wood harvest is determined by the allowable cut and a plan of sanitary and forest health improvement measures. On the basis of forest inventory materials and appropriate inspections, annual volumes of final harvest and forest tending harvests are planned. They must not exceed the volumes specified in the annual allowable cut. For state enterprises which are not subordinated to SAFRU there are no uniform legal requirements on setting land tenure and management rights.

The last edition of the Red Book of Ukraine (2009) contains information on 826 species of flora and 542 species of fauna. According to national data of Ukraine, the amount of threatened forest species, according to the categories of the IUCN Red List, is 533 species of fauna, 487 species of vascular plants and 147 species of fungi.

In addition to national legislation that protects biodiversity, international laws on biodiversity conservation are relevant in Ukraine, namely the Convention on Protection of Biological Diversity, the Berne Convention, [89-93], the Ramsar Convention and others. As of January 2017, the country had 8,245 Nature Reserve Fund (NRF) objects with a total area of 4,318 million hectares of land territory and 402 500 hectares of water area within the limits of Black and Azov seas. Among the protected areas in Ukraine, forest landscapes prevail, covering a third of all protected areas. In most regions, the share of protected areas within the forest fund is higher than the share of forests throughout the country. It should be noted that over the past 30 years the area of protected forests has increased by 3.8 times. In particular, the share of protected forests managed by the State Agency of Forest Resources of Ukraine has increased from 14.7% to 17.3% since 2009. In addition, since 1961, the proportion of forests with a limited forest management regime has increased from 34% to almost 50%. Final felling in the NRF territories and objects is forbidden in 40% of Ukraine's forests. Any forest management measures (harvesting, sanitary felling etc.) that are planned to be conducted in protected forests must be agreed on with the state environmental authorities.⁶⁴

There are 256 FSC Chain of Custody certificates issued. FSC certified forest area is 4 281 168 ha and number of certificates issued is 108.⁶⁵ For PEFC, there is no certified forest area yet and 1 enterprise is certified according to the Chain of Custody PEFC schemes in Ukraine.⁶⁶

⁶⁴ FSC-NRA-UA V1-0 NATIONAL RISK ASSESSMENT FOR UKRAINE 2017

⁶⁵ FSC Facts and Figures, March 1, 2019

⁶⁶ PEFC Global Statistics SFM & CoC Certification, December 2018

Forest industry input accounted for less than 1 % of national GDP in 2010.⁶⁷

2.1.13 USA

Some of the tertiary feedstock used by Ardor OÜ may originate from the United States of America.

The total area of the USA is 9,833,520 km². According to the 2012 Statistical Abstract of the United States, the country had roughly 303 million hectares of forestland. About 174 million hectares were in private ownership. Government, mainly the federal government, owned about 128 million hectares of forest.⁶⁸

Forests dominate the north-eastern, south-eastern, great lakes, western, and mountain regions of the US. The forested areas are split nearly evenly by the central non-forested plains. The North-eastern forested region includes forests that are primarily dominated by deciduous species. Conifers are found in these forests, but are not as dominant as deciduous trees. Great Lakes forests are dominated by conifers in the north, with more hardwoods mixed in as the lakes extend south. The South-eastern forests contain both pines and hardwoods. The Western forests and mountain regions are dominated by conifers.⁶⁹

70% of U.S. forest lands are classified as timberlands. Timberlands are defined as forest lands used for the production of commercial wood products. Commercial timberland can be used for repeated growing and harvesting. Federal, State, and local governments own 22 percent and non-industrial private entities own 78 percent of timberlands. Private timberlands are mostly on small tracts of forest land. Native American tribes are considered to be Sovereign Nations and accorded rights to independently manage their land and affairs. Out of a total of 556 federally recognized tribes, 48 have significant timberland resources in 21 of the hardwood-producing states. While some tribes have sawmill and other production facilities, they account for only a very small share of US hardwood production (estimated at less than 1%).

The U.S. forest products industry's annual harvest was 446 million m³ in 2015, exceeding the 445 million m³ harvested in 2014 and is expected to grow.⁷⁰ The forestry sector's contribution to GDP in the country has gradually decreased, from around 1 percent in 2000 to 0.6 percent in 2011.⁷¹

The Protected Areas Database of the United States (PADUS) is the official inventory of public parks and other protected open space with more than 12 000 000 km² in 150,000 holdings. Amongst other useful data, it includes and International Union for the Conservation of Nature (IUCN) categories.⁷²

There number of FSC Chain of Custody certificates issued is 2 437. FSC certified forest area is 14 059 948 ha and number of certificates issued is 100.⁷³ For PEFC, there is 33 353 888 ha certified forest area and 241 enterprises are certified according to the Chain of Custody PEFC schemes in USA.⁷⁴

⁶⁷ State of Europe's Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid

⁶⁸ NEPCoN Timber Legality Risk Assessment, version 1.1; August 2017

⁶⁹ FSC-NRA-USA V1-0 DRAFT 3-0

⁷⁰ https://www.fpl.fs.fed.us/documnts/fplrn/fpl_rn348.pdf

⁷¹ <http://www.fao.org/3/a-i4248e.pdf>

⁷² <https://gapanalysis.usgs.gov/padus/viewer/>

⁷³ FSC Facts and Figures, March 1, 2019

⁷⁴ PEFC Global Statistics SFM & CoC Certification, December 2018

2.2 Actions taken to promote certification amongst feedstock supplier

Ardor OÜ is promoting FSC and PEFC certification for Sustainable Forest Management. We explain to our suppliers its criteria and importance and give priority to FSC and/or PEFC certified suppliers. Ardor OÜ has prepared a supplier's code of conduct that will be signed with all suppliers. Amongst other this document promotes legal and sustainable forest management and excludes timber from undefined sources.

2.3 Final harvest sampling programme

N/A

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

N/A

2.5 Quantification of the Supply Base

Supply Base

- | | |
|---|----------------------------|
| a. Total Supply Base area (million ha): | 529 |
| b. Tenure by type (million ha): | 261 private / 268 public |
| c. Forest by type (million ha): | 101 boreal / 428 temperate |
| d. Forest by management type (million ha): | 529 managed natural |
| e. Certified forest by scheme (million ha): | 88 FSC / 94 PEFC |

Feedstock

- f. Total volume of feedstock: 0 – 200,000 tonnes
- g. Volume of primary feedstock: N/A
- h. List percentage of primary feedstock (g), by the following categories. – N/A. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- i. List all species in primary feedstock, including scientific name: N/A
- j. Volume of primary feedstock from primary forest: N/A
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- l. Volume of secondary feedstock: specify origin and type: N/A

m. Volume of tertiary feedstock: specify origin and composition:

- Origin
 - Estonia 40%-59%
 - Latvia 0%-19%
 - Lithuania 0%-19%
 - Finland 0%-19%
 - Sweden 0%-19%
 - Russia 0%-19%
 - Belarus 0%-19%

- Composition
 - Shavings, sawdust, chips, offcuts

3 Requirement for a Supply Base Evaluation

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

Ardor OÜ sources only feedstock complying with SBP-Controlled or SBP-Compliant feedstock criteria.

4 Supply Base Evaluation

4.1 Scope

N/A

4.2 Justification

N/A

4.3 Results of Risk Assessment

N/A

4.4 Results of Supplier Verification Programme

N/A

4.5 Conclusion

N/A

5 Supply Base Evaluation Process

N/A

6 Stakeholder Consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Overview of Initial Assessment of Risk

N/A

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

N/A

8.2 Site visits

N/A

8.3 Conclusions from the Supplier Verification Programme

N/A

9 Mitigation Measures

9.1 Mitigation measures

N/A

9.2 Monitoring and outcomes

N/A

10 Detailed Findings for Indicators

N/A

11 Review of Report

11.1 Peer review

The SBR has been reviewed and signed by senior management.

The report has been peer reviewed by professionals, educated and engaged in the wood industry and forestry on 23.04.2019.

11.2 Public or additional reviews

The SBR is publicly available at Ardor OÜ's homepage (www.ardor.ee/). Received comments will be addressed and the certification body will be notified.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Viljo Aros</i>	<i>Quality and Environmental Manager</i>	<i>13.12.2019</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Kuido Kuntro</i>	<i>CEO</i>	<i>13.12.2019</i>
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

N/A

13.2 Effectiveness of previous mitigation measures

N/A

13.3 New risk ratings and mitigation measures

N/A

13.4 Actual figures for feedstock over the previous 12 months

Please refer to:

- Table 1. Overview of Ardor OÜ Factory SBP **feedstock** profile '**Reporting Period**'.
- Section 2.5: Quantification of the Supply Base

13.5 Projected figures for feedstock over the next 12 months

No significant changes in the proportion of the feedstock types is foreseen.