Supply Base Report:

Warmeston OÜ - Sauga production

Re-assessment

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.4

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

Document history

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Contents

1 Overview

Producer name: Warmeston OÜ - Sauga production

Producer address: Kilksama küla Tori vald 85003 Pärnu maakond , Estonia

SBP Certificate Code: SBP-01-08

Geographic position: 58.4386, 24.5762

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Company website: www.warmeston.ee

Date report finalised: 2020-12-10

Close of last CB audit: 2020-12-10

Name of CB: NEPCon OÜ

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

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

SBP Endorsed Regional Risk Assessment: Estonia

Weblink to SBR on Company website: www.warmeston.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**	**Re-assessment**
☐	☐	☐	☐	☐	☒

2 Description of the Supply Base

2.1 General description

Feedstock types: Primary, Secondary, Tertiary

Includes Supply Base evaluation (SBE): Yes

Feedstock origin (countries): Estonia, Latvia, Lithuania, Finland, Sweden, Russia

2.2 Description of countries included in the Supply Base

Country: Estonia

Area/Region: Estonia

Exclusions: No

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EUâ€™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.The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020 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 Estoniaâ€™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 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 area 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 addressed. 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 1 186 315 ha of FSC certified and 1 296 002 ha of PEFC certified forest.

Currently more than 2 232 000 ha, equal to 49,3% of the Estonian land territory, is covered by forest. Forestry Development Plan 2012-2020 and Yearbook Forest 2018, 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 million mÂ³ per year. The amount is in line with sustainable development principle when the cutting rate doesnâ€™t exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. In 2018, the fuelwood share in was 38.9 % from the felling volume of 12 million m^3.

The distribution of growing stock by tree species in Estonia is shown in *Figure 1*.

Figure 1 The distribution of growing stock by tree species (Yearbook Forest 2018).

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

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 the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992 and joined the International Union for Conservation of Nature (IUCN) in 2007. There are no CITES protected tree species naturally growing in Estonia. There are no IUCN tree species growing in Estonia, that are critically endangered, endangered or vulnerable.

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.

http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm
Original title: â€žEesti metsanduse arengukava aastani 2020â€œ; approved by Estonians Parliament decision no 909 OE 15.February 2011.a
http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf
http://www.rmk.ee/organisation/operating-areas
http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates
FSC Facts and Figures, November 2020
PEFC Global Statistics SSFM & CoC Certification, June 2020
State of Europeâ€™s Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid
Yearbook Forest https://www.keskkonnaagentuur.ee/et/aastaraamat-mets-2018 (all key figures, graphs and tables are bilingual)
https://ec.europa.eu/eurostat/statistics-explained/index.php/Wood_products_-_production_and_trade#Wood-based_industries
http://register.metsad.ee/avalik/
https://www.riigiteataja.ee/en/eli/517062015004/consolide
http://www.envir.ee/et/cites
http://www.envir.ee/et/iucn
https://www.iucnredlist.org/search?landRegions=EE&searchType=species
https://www.eesti.ee/eng/topics/citizen/keskkond_loodus/maa/metsandus_1

Country: Latvia

Area/Region: Latvia

Exclusions: No

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% 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), woodenness 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.

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.

Management of the state-owned forests is performed by the public limited company Latvijas Valsts MeÅ¾i, 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.

In 2019, the fuelwood share was 24 % from the felling volume of 13,3 million m^3.

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. 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.

There are no IUCN tree species growing in Latvia, that are critically endangered, endangered or vulnerable.

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 meÅ¾i as well as some part of forests in private and other ownership are FSC and PEFC certified. All together there is 1 203 268 ha FSC certified and 1 747 041 ha PEFC certified forest in Latvia.

State of Europeâ€™s Forests 2015. Published by: Ministerial Conference on the Protection of Forests in Europe FOREST EUROPE Liaison Unit Madrid
https://www.vmd.gov.lv
https://www.lvm.lv
https://www.em.gov.lv/sites/em/files/content/fact-sheet-on-forest-biomass-in-latvia.pdf
https://www.iucnredlist.org/search?landRegions=LV&searchType=species
FSC Facts and Figures, November, 2020
PEFC Global Statistics SSFM & CoC Certification, June 2020

Country: Lithuania

Area/Region: Lithuania

Exclusions: No

Lithuania is a parliamentary republic that joined the EU in 2004. Forested land consists of about 34.8%, with 2.18 million ha. 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.

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.

There are no IUCN tree species growing in Lithuania, that are critically endangered, endangered or vulnerable.

To secure and maintain sustainable forest management 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.

In 2019, the fuelwood share was 26 % from the felling volume of 6.7 million m^3.

There is 1 219 191 ha FSC certified forest in Lithuania, but no PEFC certified forest area.

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

https://www.iucnredlist.org/search?landRegions=LT&searchType=species

https://ec.europa.eu/eurostat/statistics-explained/index.php/Wood_products_-_production_and_trade#Wood-based_industries

FSC Facts and Figures, November, 2020

PEFC Global Statistics SSFM & CoC Certification, June 2020

Country: Finland

Area/Region: Finland

Exclusions: No

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

Forests cover 73.1% of Finlandâ€™s land are which accounts to ca 22 218 000 ha. 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.

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.

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 MetsÃ¤hallitus.

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 practise, 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 1 980 915 ha FSC certified forest and 18 270 234 ha PEFC certified forest in Finland.

According to a report by UNECE 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 Horse Chestnut (Aesculus hippocastanum) is the only IUCN tree species growing in Finland, that is vulnerable. There are no IUCN tree species growing in Finland that are critically endangered or endangered

The forest sector is one of key supporters of Finlandâ€™s economy. In 2011 it employed directly about 70,000 people in Finland, which was 2.8% of all employees. One fifth of Finlandâ€™s export income comes from forest 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 south-eastern corner of Finland and in EtelÃ¤-Savo and Central Finland regions, where the sector produces some 10% of the regional GDP.

In 2019, the fuelwood share was 13 % from the felling volume of 63.9 million m^3.

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

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

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

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

FSC Facts and Figures, November 2002

PEFC Global Statistics SSFM & CoC Certification, June 2020

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

https://www.iucnredlist.org/search/list?landRegions=FI&searchType=species

https://ec.europa.eu/eurostat/statistics-explained/index.php/Wood_products_-_production_and_trade#Wood-based_industries

Country: Sweden

Area/Region: Sweden

Exclusions: No

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 nationâ€™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 Europeâ€™s second biggest afforested area after Russia. Swedenâ€™s productive forests cover about 28.073 million hectares which is 68.4% of land area in Sweden. 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 2019, the fuelwood share was 7.2 % from the felling volume of 75.4 million m^3.

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 Swedenâ€™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 ownersâ€™ 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. The Horse Chestnut (Aesculus hippocastanum) is the only IUCN tree species growing in Finland, that is vulnerable. There are no IUCN tree species growing in Finland that are critically endangered or endangered.

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

FSC certified forests amount to 18 476 881 ha and PEFC certified to 15 847 125 ha.

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

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

https://ec.europa.eu/eurostat/statistics-explained/index.php/Wood_products_-_production_and_trade#Wood-based_industries

https://www.iucnredlist.org/search?landRegions=SE&searchType=species

FSC Facts and Figures, November 2020

PEFC Global Statistics SSFM & CoC Certification, June 2020

Country: Russia

Area/Region: North-West

Exclusions: No

Russia (North-West region)

Some tertiary or secondary feedstock may originate from Northwest Russia (appr. 60 million ha).

Russia has 815 million hectares of forest, covering almost 50% of the country. All forests are state-owned but companies are entitled to utilise the forest resources of the state. Russia is one of the largest producers and exporters of industrial roundwood in the world, producing 203 million m^3 of logs in 2014.

In 2019, thee felling volume in North-West region was 61 million m^3 of which 3 mill. m^3 was processed by the plywood industry, 23 mill. m^3 pulp industry, 21 mill. m^3 sawmilling industry, 7 mill. m^3 other and 6 mill m^3 roundwood was exported.

Forests are licensed as concessions and distributed to companies for the purpose of timber harvesting for a period of 1 to 49 years. Short-term use of forests (for the purpose of timber harvesting) is also possible for organizations and citizens and is agreed directly with local authorities. The main normative document regulating forest management in the country is the Forest Code of the Russian Federation. The main supervisory body is the Federal Forestry Agency.

The problem on illegal logging is recognised by the State forest management authorities. There is no single reliable figure to describe its scale, but comparison of data from various sources of information and expertsâ€™ estimations suggests that 10 to 35 % of all timber logged in Russian is illegal.

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.

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 4 CITES listed tree species naturally growing in Russia. The Administrative body of CITES in Russia is Russian Federal service for supervision of natural resources management (Rosprirodnadzor).

There are no IUCN tree species growing in the North-West region of Russia that are critically endangered, endangered or vulnerable.

There are 806 FSC Chain of Custody certificates issued. FSC certified forest area is 55 662 782 ha and number of Forest Management certificates issued is 225. For PEFC, there is 30 962 568 ha certified forest area and 76 enterprises are certified according to the Chain of Custody PEFC schemes in Russian Federation.

https://www.centrumbalticum.org/files/4638/BSR_Policy_Briefing_2020.pdf

NEPCon Timber Legality Risk Assessment, Russia, ver1.1 May 2017

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

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

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

NEPCon Timber Legality Risk Assessment, Russia, ver1.1 May 2017

FSC Facts and Figures, November, 2020

PEFC Global Statistics, June 2020

2.3 Actions taken to promote certification amongst feedstock supplier

Warmeston OÃœ 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. Warmeston OÃœ has prepared a supplierâ€™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.

2.4 Quantification of the Supply Base

Supply Base

a. **Total Supply Base area (million ha)**: 87,40
b. **Tenure by type (million ha):**40.40 (Privately owned), 47.00 (Public)
c. **Forest by type (million ha):**66.10 (Boreal), 21.30 (Temperate)
d. **Forest by management type (million ha):**87.40 (Managed natural)
e. **Certified forest by scheme (million ha):**38.77 (FSC), 51.80 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting
Explanation: All primary feedstock used in the factory is with Estonian origin, where the maximum size of clearcuttings is restricted by the Forest Act with up to 7 hectares. The majority of the harvesting works are carried out by harvesters.

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority
Explanation: In Estonia from where all primary feedstock is sourced, energy markets do not compete for feedstock with other wood based industry. Pulp wood and saw timber is more expensive and forest owners and forest management companies sell better quality material to those industries. Energy markets are supplied with low quality forest products.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority
Explanation: In Estonia from where all primary feedstock the Forest Act obliges forest owners to renew its forest land within 5 years after harvest and in some forest types where growing conditions are worse, within 10 years after harvest.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? Yes - Minority
Explanation: Storm salvage, forest pests and fires.

Feedstock

Reporting period from: 2019-12-01

Reporting period to: 2020-11-30

a. **Total volume of Feedstock**: 200,000-400,000 tonnes
b. **Volume of primary feedstoc**k: 1-200,000 tonnes
c. **List percentage of primary feedstock, by the following categories.**
    - Certified to an SBP-approved Forest Management Scheme: 20% - 39%
    - Not certified to an SBP-approved Forest Management Scheme: 60% - 79%
d. **List of all the species in primary feedstock, including scientific name:**:

Alnus glutinosa(Black alder)

Alnus incana(Grey alder)

Betula pendula(Silver birch)

Betula pubescens(Downy birch)

Picea abies(Norway spruce)

Pinus sylvestris(Scots pine)

Populus tremula(European aspen)

Quercus robur(English oak)

Fraxinus excelsior(European ash)

e. **Is any of the feedstock used likely to have come from protected or threatened species?** No
   - Name of species: N/A
   - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A

f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 62,40

g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 37,60

h. **Proportion of biomass composed of or derived from saw logs (%):** 0,00

i. **Specify the local regulations or industry standards that define saw logs:** The local standards vary slightly between sawmills but the general requirements are in line with the State Forest Saw Logs standard available at: https://adr.rmk.ee/dokument/57396

j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 10,44

k. **Volume of primary feedstock from primary forest:** 0 N/A

l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes**:
   - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
   - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A

m. **Volume of secondary feedstock**: 1-200,000 tonnes
   - Physical form of the feedstock: Chips, Sawdust

n. **Volume of tertiary feedstock**: 1-200,000 tonnes
   - Physical form of the feedstock: Offcuts, Shavings

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	**Sourced by using Supply Base Evaluation (SBE) %**	**FSC %**	**PEFC %**	**SFI %**
Secondary	62,74	37,26	0,00	0,00
Tertiary	0,00	4,34	95,66	0,00
Primary	57,99	40,25	1,76	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? Yes

The demand for SBP-compliant biomass is exceeding the volumes of FSC and PEFC certified feedstock that is available for pellet production in the Baltic region. To meet the demand Warmeston OÃœ will undertake a supply base evaluation for primary and secondary feedstock that is originating from Estonia according to the SBP Framework Standard 1: Feedstock Compliance Standard and Standard 2: Verification of SBP-compliant Feedstock.

The risk assessment of the SBE is based on the SBP-endorsed Regional Risk Assessment for Estonia. The risk assessment for Estonia has been approved by SBPâ€™s secretariat on 22nd April 2016 and is publicly available on at: https://sbp-cert.org/documents/standards-documents/risk-assessments/estonia/ (30.11.2020).

The scope of the SBE was chosen based on the availability of the SBP-endorsed Regional Risk assessments whereas the possibility to mitigate the identified â€œspecified riskâ€• with reasonable efforts was considered.

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: Primary, Secondary

SBP-endorsed Regional Risk Assessments used: Estonia

List of countries and regions included in the SBE:

CountryEstonia

Indicator with specified risk in the risk assessment used2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

WKH are forest habitats with high probability of present occurrence of endangered, vulnerable and rare species. WKH system is a tool to address high conservation value forest habitats in managed forests thus they are the primary mechanism for protection of ecologically valuable areas which are located within commercially managed forests. According to the Estonian legislation WKHs protection is optional for private forest owners. They can sign a contract with state and protect the WKH. In this case, the state pays compensation to the owner for protecting the WKH. If private forest owner do not want to protect the WKH then it is allowed to cut it. It is possible to determine the location of WKHs in Public Forest Registry and in case felling permit is issued it is possible to see if the material is cut from WKH or not. In case the fellings are done without felling permit (it is allowed to do small scale sanitary cutting without felling permit) then on site visit is only way to see if the WKH is untouched or not. Please see Section 7 for a description of the detailed mitigation actions. In state forest and in FSC and/or PEFC certified private forest and in private forests where WKH contract has been signed, WKH are protected.

4.2 Justification

Warmeston OÃœ will rely on SBP-endorsed Regional Risk Assessment for Estonia (2016) that meets the requirements of SBP Framework Standard 1: Feedstock Compliance Standard and Standard 2: Verification of SBP-compliant Feedstock and has been approved by the SBP secretariat on 22nd April 2016. Warmeston OÃœ agrees with all the findings, conclusions and mitigation measures set out in the report and will not undertake an independent risk assessment.

4.3 Results of risk assessment and Supplier Verification Programme

The risk evaluation and mitigation will be based on SBP-endorsed Regional Risk Assessment for Estonia (2016), where the only indicator evaluated as specified risk was indicator 2.1.2: â€œThe BP has control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activitiesâ€• . According to the Estonian legislation, protection

of Woodland Key Habitats (WKH) is optional for private forest owners. They can choose to sign a contract with the state to protect WKH. In this case, the state pays compensation to the owner for the protection of WKH. If the private forest owner does not want to protect WKH, the agreement ends and they are then allowed to cut it. In state forest and in FSC and/or PEFC certified private forest WKH are protected. In cases where the sourced material derives from private forests, it is important to know exactly from where the material was cut (FMU, sub-compartment). Public databases that can be used to control if the material comes from WKH or not, are available. In cases where no felling permits are issued and the FMU contains WKH, an on-site visit is required if the material is subject to the SBE. All other indicators were assigned as â€œlow riskâ€• . For more detail please refer to the SBE-endorsed Regional Risk Assessment for Estonia (2016). According to article 14.1 of the SBP Framework Standard 2: Verification of SBP-compliant Feedstock a Supplier Verification Programme will not be undertaken, as none of the indicators in the final risk assessment were assessed as â€œunspecified riskâ€• . The need for a Supplier Verification Programme will be re-evaluated during the review of the risk assessment.

4.4 Conclusion

Based on the information available during the regional risk assessment process, the level of risk for each of the criteria was chosen. For Estonia all except one criteria were assigned low risk. The only â€œspecified riskâ€• was associated with the indicator 2.1.2: The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them. The indicator was assigned as â€œspecified riskâ€• due to the protection status of WKHs. Based on the findings of the SBE it can be concluded: as long as the risks associated with the indicator 2.1.2 are mitigated, feedstock from Estonia is low risk and is meeting the requirements for SBP-compliant feedstock. For detailed mitigation measures please refer to Section 7 of the SBR.

5 Supply Base Evaluation process

The SBP-endorsed Regional Risk Assessment is based on a number of different sources of information, including applicable legislation, reports from state authorities and other stakeholders, various databases and statistical data sources. This information was requested from state authorities such as the Environmental Inspectorate, the Estonian Tax and Customs Board, the Work Inspectorate, the Police etc. During the preparation of the RA, developers made a detailed baseline study for each of the SBP principles and criteria.

During the first consultation period (26.03.2015 â€“ 26.04.2015) SBP received comments and additional information from several stakeholders and from state institutions. Based on this information some of the specified risk designations were changed to low risk. The second stakeholder consultation period was from 05.05.2015 to 20.05.2015. During this consultation, some additional comments were raised. A detailed description of the situation for each criteria is presented in Annex 1 along with the chosen level of risk, which was based on the information provided. The regional risk assessment was approved by SBP on 22nd April 2016.

Based on the findings of the regional risk assessment Warmeston OÃœ established procedures to mitigate the risks for primary and secondary feedstock that has been harvested in Estonia. For more detail please refer to Section 7 of the SBR.

The stakeholder consultation process for Warmeston OÃœâ€™s SBE was undertaken from 4th May 2016 to 3rd June 2016 and from 1st September 2020 to 2nd October 2020.

6 Stakeholder consultation

The first stakeholder consultation round of the RRA was completed from 26.03.2015-26.04.2015 and the second round from 05.05.2015-20.05.2015. The information about the risk assessment process development, along with the draft risk assessment, was sent out to all key stakeholders. The list of stakeholders can be seen in Annex 4 of the RRA. Three stakeholders, the Estonian Fund for Nature (ELF), Graanul Invest AS and the

Estonian Forest and Wood Industries Association (EMPL) provided their feedback. During the first consultation period (26.03.2015 â€“ 26.04.2015) SBP received comments and additional information from several stakeholders and from state institutions. Based on this information some of the specified risk designations were changed to low risk. The second stakeholder consultation period was from 05.05.2015 to 20.05.2015. During this consultation, some additional comments were raised. A detailed description of the situation for each criteria is presented in Annex 1 of the RRA along with the chosen level of risk, which was based on the information provided.

SBP secretariat conducted an additional round of stakeholder consultations from 17.09.2015 to 16.10.2015.

The results of these consultation process are available at: https://sbp-cert.org/documents/riskassessments/estonia

Warmeston OÃœ conducted its stakeholder consultation process of the SBE from 4th May 2016 to 3rd June 2016 and from 1st September 2020 to 2nd October 2020 by e-mail message to local municipalities, state institutions and authorities, State Forest Management Centre, Foundation Private Forest Centre, Estonian Private Forest Association, FSC Estonia, PEFC Estonia and the Estonian Forest and Wood Industries Association and to Loodusegâ€™s mailing list covering app 1000 followers including various nature conservation and protection organisations. During the first and second round of consultation no comments from the stakeholders were received.

In addition NEPCon, acting as the SBP approved certification body of Warmeston, undertook an additional consultation process prior to the SBE audit.

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

Country: Estonia

Specified risk indicator: 2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

WKH are forest habitats with high probability of present occurrence of endangered, vulnerable and rare species. WKH system is a tool to address high conservation value forest habitats in managed forests thus they are the primary mechanism for protection of ecologically valuable areas which are located within commercially managed forests. According to the Estonian legislation WKHs protection is optional for private forest owners. They can sign a contract with state and protect the WKH. In this case, the state pays compensation to the owner for protecting the WKH. If private forest owner do not want to protect the WKH then it is allowed to cut it. It is possible to determine the location of WKHs in Public Forest Registry and in case felling permit is issued it is possible to see if the material is cut from WKH or not. In case the fellings are done without felling permit (it is allowed to do small scale sanitary cutting without felling permit) then on site visit is only way to see if the WKH is untouched or not. Please see Section 7 for a description of the detailed mitigation actions. In state forest and in FSC and/or PEFC certified private forest and in private forests where WKH contract has been signed, WKH are protected.

The mitigation measures described below will only be applied for feedstock that is in the scope of the SBE as described in section 4.1. The responsible person for the implementation of the SBE is the Quality and Environmental manager of Warmeston OÃœ who is also the overall responsible person for the companyâ€™s FSC, PEFC and SBP certification systems.

Primary feedstock

Warmeston OÃœ will verify all deliveries of primary feedstock which have been harvested in Estonia and are purchased without an FSC claim or a PEFC certified claim, whether they have been sourced from WKHs.

Warmeston OÃœ will use the delivery documents, a list of approved suppliers and publicly available databases *(e.g. maps at:* https://register.metsad.ee/ or at least biannually renewed databases from competent authorities*)* to verify that the delivered primary feedstock has not been sourced from WKHs. During the reception and registration of primary feedstock Warmeston OÃœ will carry out the following control procedure within the SBE:

1. *Has the supplier signed a code of conduct?*

    1.1 If yes, go to 2.

    1.2 If no, the products cannot be sourced.

2. *Can the products be traced back to the logging site in forest?*

2.1 If yes, go to 3.

2.2 If no, the products cannot be sourced.

3. Is there a felling permit issued?

3.1 If yes go to 5

3.2 If no go to 4.

4. Fellings without felling permit.

4.1 If there is no WKHs on the FMU according to available information: the products can be sourced.

4.2 If there is a WKHs on FMU the products cannot be sourced within the SBE procedure.

5. Does the logging site defined in the felling permit, provided with the supplied material, match with the WKH location in the national data bases?

5.1 If yes: the products cannot be sourced within the SBE procedure.

5.2 If no: the products can be sourced within the SBE procedure.

Feedstock that originates from Estonia and is sold with an FSC Controlled Wood Claim is accounted by Warmeston OÃœ as meeting the requirements of SBE according to the results of Warmeston OÃœâ€™s risk assessment â€œSBE for Estonian feedstock with an FSC Controlled Wood claimâ€• .

All instances were primary feedstock from WKHs has been offered will be recorded.

<u>Secondary feedstock</u>

Warmeston OÃœ will verify all deliveries of secondary feedstock which have been harvested in Estonia and are purchased without an FSC claim or a PEFC certified claim, whether they have been sourced from WKHs. To mitigate the risks Warmeston OÃœ will:

- i) train its suppliers to apply the risk mitigation measures described above in points 2-5 and
- ii) verify during supplier audits that the mitigation measures 2-5 have been properly implemented.

The trainings and supplier audits are the responsibility of Warmeston OÃœâ€™s Quality and Environmental manager who is also responsible for collecting and analysing suppliersâ€™ monitoring results of the WKHs.

The supplier audits will cover the following aspects:

- the scope of the suppliers FSC and/or PEFC certification
- demonstration of the control procedure carried out by the supplierâ€™s responsible person(s);
- Documentation;
- random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results (if needed);
- demonstration of the supplierâ€™s WKH register and corrective actions taken (if needed);
- feedstock storage conditions;
  All audit findings and results will documented.

Warmeston OÃœ will accept the delivered secondary feedstock only as â€œlow riskâ€• if:

- ℜ• the supplier has been trained;
- ℜ• the supplier has been audited (supplier audit) and no substantial issues in the WKH control procedures have been raised;
- ℜ• the delivered feedstock can be traced back to an Estonian forest where no WKH are present at the felling site.
- ℜ• If a supplier is sourcing its feedstock from different countries a mass balance approach for determining the proportion of Estonian feedstock will only be accepted if
  - o the supplier holds a valid SBP-approved chain of custody certificate and
  - o all feedstock sold to Warmeston OÃœ meets at least the requirements of an SBP-approved Controlled Feedstock System
  - o The supplier must demonstrate during the supplier audit, that on a country level the origin of feedstock is monitored and registered on a regular bases.

    If this information is not available the material will not be accepted as SBP-compliant feedstock.

Feedstock that originates from Estonia and is sold with an FSC Controlled Wood Claim is accounted by Warmeston OÃœ as meeting the requirements of SBE according to the results of Warmeston OÃœâ€™s risk assessment â€œSBE for Estonian feedstock with an FSC Controlled Wood claimâ€• .

Frequency of supplier audits

Warmeston OÃœ has 2 supplier groups in the SBE system to determine the frequency of the SBE supplier audits:

1. Suppliers without an FSC CoC certificate and/or suppliers who sell their feedstock without an FSC claim are audited annually

2. Suppliers with a FSC CoC certificate and selling the material at least with a FSC Controlled Wood claim are audited once during the certification period or when the results of Warmestonâ€™s risk assessment â€žSBE of Esonian feedstock with an FSC Controlled Wood claimâ€œ change.

Warmeston OÃœ has considered sample based audits for SBE group 2 sufficient for the following reasons:

- The FSCâ€™s Centralised National Risk Assessment for Estonia has determined sourcing material from WKH as a specified risk (indicator 3.3 HCV 3).
- Companies that sell material which has been harvested in Estonia with a valid FSC claim must mitigate the risk associated with WKHâ€™s.
- FSC certified companies are in addition to the supplier audits audited annually by an independent FSC certification Body.

An inquiry has been sent to the Environmental Agency of Estonia (the responsible authority responsible for updating the WKH databases) to clarify the of changes on the WKH register. If significant a more frequent update rate of the WKH database will be implemented. These databases will be shared with the suppliers who are included in the SBE.

https://fsc.org/en/document-centre/documents/resource/309

7.2 Monitoring and outcomes

Warmeston OÜ will keep a register of all cases were material originating from WKH has been offered. During the ‘Reporting Period’ there have been 5 suppliers who have delivered fuelwood from a total of 10 cadastral units which did not meet SBP-compliant criteria and were in full excluded from the SBP-compliant feedstock. These deliveries formed 0,5 % from the total volume of fuel wood. A total of 12 secondary feedstock suppliers were included in the SBE program and no major deviations have been recorded during the annual SBE supplier audits.

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? Yes

9 Review of report

9.1 Peer review

The SBR has been reviewed and signed by senior management. The report has been peer reviewed 6.10.2016, 24.11.2017 and 30.11.2018 and returned with comments by professionals, educated and engaged in the wood industry and forestry. The reviewer concluded that the report gives on objective overview of Warmeston OÜ’s supply base and the described mitigation measures are in sound with the importance of the assessed risks.

9.2 Public or additional reviews

The SBR is publicly available at Warmeston OÜ's homepage (http://warmeston.ee/). Received comments will be addressed and the certification body will be notified.

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	**Viljo Aros**	**Quality and Environmental Manager**	**2020-12-06**
	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:	**Mait Kaup**	**CEO**	**2020-12-10**
	Name	**Title**	**Date**

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A