



Supply Base Report: Metsahake

Main (Initial) Audit

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Completed in accordance with the Supply Base Report Template Version 1.6

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

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Contents

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

2 Description of the Supply Base

2.1 General description

Feedstock types: Primary, Secondary

Includes Supply Base evaluation (SBE): No

Includes REDII: Yes

Includes REDII SBE: No

Includes RED II TOF: No

Feedstock origin (countries): Estonia, Finland

2.2 Description of countries included in the Supply Base

Country: Estonia

Area/Region: All Estonia

Sub-Scope: N/A

Exclusions: No

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders. 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 Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forests, protection forests and protected forests. According to the ownership, forests are also divided into private forests (47%), municipality forests and state owned forests (53%). 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.

According to the 2022 statistical forest inventory, there are 2,325,020 hectares of forest land in Estonia, i.e. 51.3% as indicated in Figure 1 and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %. Forestry Development Plan 2012-2020 and Yearbook Forest 2014, that gives annual reports and facts about the forest in Estonia, state that during last

decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year. The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

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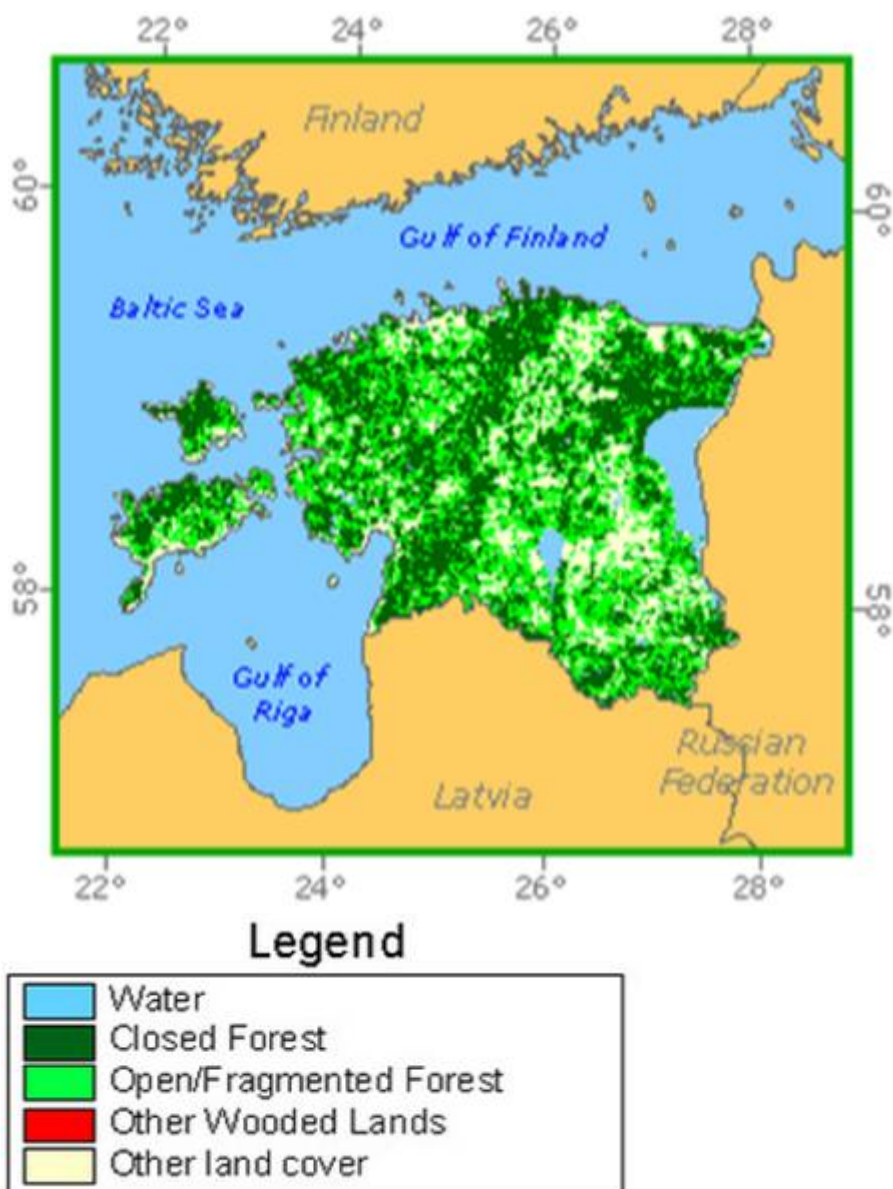


Figure 1. Forest cover of Estonia

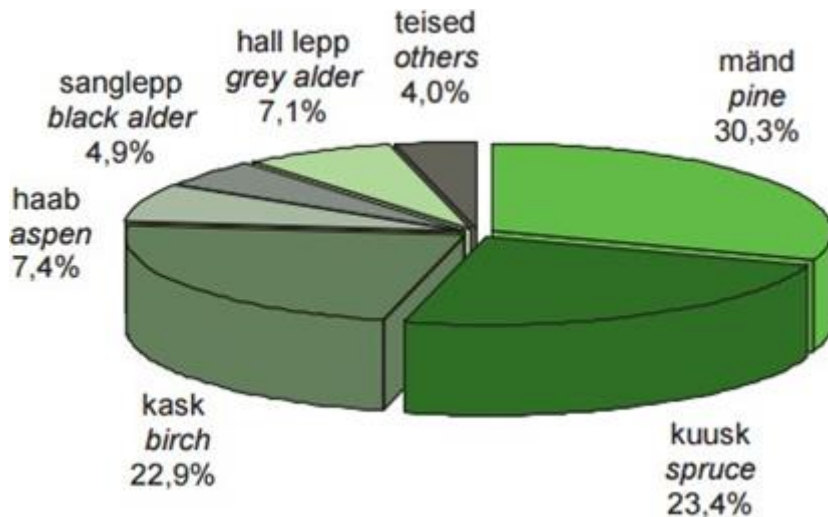


Figure 2. The distribution of growing stock by tree species

The dominant tree species in Estonian forests are pine, birch and spruces. Citi

31,1 % Pines

29,3 % Birch

18,9 % Spruce

8,9 % Grey Alder

6,4 % Aspen

3,9 % Black Alder

1,5 % Other

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

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

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

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

Country: Finland

Area/Region: All Finland

Sub-Scope: N/A

Exclusions: No

Finland's forest area is ca. 22.22 million ha. It is the most forested country in Europe, with 73.1% of the land area under forest cover. The forests are fully in the boreal zone. There are four coniferous species native to Finland, and over twenty species of deciduous trees. 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.

Socio-economic aspects

Finnish citizens own around 60% of the forestry land. The state owns 26% of the Finnish forests, private industries, such as forest industry companies 9% and other organisations 5%. The state forests are mainly situated in the north of Finland; 45% of those forests are under strict protection. State lands are managed by Metsähallitus. In Finland the rare concept of Everyman's rights (*Jokamiehenoikeus*) is in force. This gives everyone, Finns and other nationalities alike, the right to move freely outdoors. Picking berries and mushrooms is permitted on privately owned land. Free forest access provides, in addition to products for local or family consumption, opportunities for those who sell non-wood forest products. This right has traditionally been exercised with due concern for the environment and courtesy to the landowner and people living in the vicinity.

The forest sector is one of key contributors to Finland's economy. Forestry and the forest industry account for ca. 5% of Finland's gross domestic product, and approximately 20% of the exports. The forest sector employs directly about 70 thousand people, which is around 2.8% of Finland's workforce. 20% of Finland's export income comes from the forest industries. More than 60% of the value added generated by the forest industries came from the pulp and paper industries and the rest from wood products industries. Regionally, the importance of the forest sector is the largest in the south-eastern corner of Finland, in Etelä-Savo and the central regions, where the sector produces some 10% of the regional GDP. Finland ranks high on the Worldwide Governance Indicator (WGI) with excellent scores on 'rule of law' and 'control of corruption'. With a Corruption Perception Index (CPI) score of 85 points (in 2020), Finland is in the top three of least corrupt countries in the world.

Forest management

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

According to the 1st national forest inventory (1921–1924), the total growing stock volume was 1 588 million m³. Based on the 11th inventory, this is 2 332 million m³ (103 m³/ha) with annual growth of 105 million m³ (4,6 m³/ha). The Forest Act regulates the felling of timber in Finland. Regional Forestry Centers control the implementation of the forestry legislation and record forest use declarations in which forest owners inform about the stand characteristics, intended measures, regeneration and ecological concerns on a website before the felling can take place. Forest owners must get an approval for forest use by the regional forest centers. Considered here is the total forest area of Finland. Regarding 'adjacent land use' and 'forestry management practices or land management practices' inside the country (thus, other users of the forests,

or users of adjacent lands), or in the surrounding countries: - Adjacent land use concerns the typical agricultural systems for the north of Europe, nature protection zones, and urban areas, which tend to claim more space in the south; - The profile of forest management systems are the same (in the country), or very similar (surrounding countries); most is replanted, but natural regeneration systems are becoming more common. - Russia has a poorer infrastructure and a less developed forestry and agricultural sector. Per hectare considerably less wood becomes available for the wood industry. The forests are used less intensively, but in a courser manner. Still, there are also many similarities between the forestry management systems between these countries. Around 75% of Finnish forests have been certified under PEFC. In practice, forest certification requirements determine 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 2 047 628 ha FSC certified forest, and 18 854 961 ha PEFC certified forest (2021) in Finland.

The Sámi people

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.

Protected species and conservation areas

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 on the 1st of January 1997. IUCN National Committee of Finland was approved by IUCN Council in 1999. CITES and the IUCN do not red list any tree species relevant in Finnish forestry. Finland has a long tradition of maintaining biodiversity through designating areas for protection. The first nature conservation area was established on the Malla fell in the far north as long ago as 1916, while the first national parks and strict nature reserves were founded in 1938. In early 2012, the total number of various protected areas came close to 9 thousand. Small nature reserves on private land account for the majority of these. The number of national parks is 37, of which the newest, those of Sipoonkorpi and the Bothnian Sea, were established in 2011. As far as habitats are concerned, the fell regions of Lapland have the best coverage by national parks. Finland's nature reserves cover around 9% of the country's surface area. The state-owned protected areas cover 1 496 thousand ha, while 1 22 thousand ha are on private land. No industrial activity or agriculture are permitted in the protected areas. Although there are many types of protected areas, most of them are strictly protected. The protected areas include:

- National parks of Finland – 817 thousand ha;
- Strict nature reserves of Finland – 153 thousand ha;
- Mire reserves of Finland – 449 thousand ha;
- Protected herb-rich forest areas – 1.3 thousand ha;
- Protected old-growth forest areas – 10 thousand ha;
- Grey seal protection areas – 19 thousand ha;
- Other state-owned protected areas – 47 thousand ha.

Regional Environment Centers control the implementation of Nature Conservation Act. Finland's National Forest Program lists measures to promote sustainable forestry and to control illegal logging both nationally and internationally. Illegal logging in Finland is negligible.

The primary aim of the national strategy for the conservation and sustainable use of biodiversity is to halt the loss of biodiversity in Finland. The action plan for the strategy's implementation seeks not only to secure biodiversity by means of traditional nature conservation methods, such as nature reserves, but to make environmental values an integral part of all decision-making. Areas used for common forestry and agriculture are also considered in pursuing this goal.

2.3 Actions taken to promote certification amongst feedstock supplier

By obtaining Primary feedstock from FSC and PEFC certified forests the company encourages other suppliers to become certified. To increase the amount of SBP compliant Secondary feedstock emphasis is on certified deliveries from sawmills. Sawmills are encouraged to use more certified materials.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 25.00
- b. **Tenure by type (million ha):** 15.85 (Privately owned), 9.15 (Public)
- c. **Forest by type (million ha):** 25.00 (Boreal)
- d. **Forest by management type (million ha):** 25.00 (Natural)
- e. **Certified forest by scheme (million ha):** 3.65 (FSC), 21.04 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: Clearcutting Explanation: The company obtains the raw material in places where logging has been carried out (clear cut, selection cut or commercial thinning). In small areas and to avoid soil damage in wet soils hand chainsaws is used for felling operations. For large areas and if the condition of the soil allows the use of heavy machinery harvesters is used for tree felling. Round wood or branches is delivered to the material landing area with a forwarder or an agricultural tractor adapted to forestry work.

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

Explanation: In the supply base region, timber is harvested mainly for the production of timber and timber products. This industry produces a lot of felling residues, which are used in the production of wood chips.

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 is sourced, the Forest Act obliges forest owners to renew its forest land within five years after harvest and in some forest types where growing conditions are worse, within ten 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: It is possible to carry out sanitary felling in forests due to pests or weather damage.

What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated): 20000.00 tonnes

Explanation: It is planned to purchase this amount.

Feedstock

Reporting period from: 01 Jan 2024

Reporting period to: 31 Jul 2024

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: 80% - 100%
 - Not certified to an SBP-approved Forest Management Scheme: 0%
- d. **List of all the species in primary feedstock, including scientific name:** Picea abies (Norway spruce); Pinus sylvestris (Scots pine); Betula pendula (Silver birch); Populus tremula (Aspen); Alnus glutinosa (Black alder); Alnus incana (Grey alder); Acer platanoides (Norway maple); Betula pubescens (Downy birch); Corylus avellana (Hazel); Fraxinus excelsior (European ash); Larix decidua (European larch); Quercus robur (Pedunculate oak); Salix caprea (Goat willow); Ulmus glabra (Wych elm); Ulmus laevis (European white elm); Tilia cordata (Small-leaved lime); Sorbus aucuparia (Rowan);
- 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 (%):
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 50.00
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 50.00
- h. **Proportion of biomass composed of or derived from saw logs (%):** 0
- i. **Specify the local regulations or industry standards that define saw logs:** N/A
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):**
- k. **Volume of primary feedstock from primary forest:** 20000 tonnes
- 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: 80% - 100%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 0%
- m. **Volume of secondary feedstock:** 0 N/A
 - Physical form of the feedstock:
- n. **Volume of tertiary feedstock:** 0 N/A
 - Physical form of the feedstock:
- o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP:** 20000.00tonnes

Proportion of feedstock sourced per type of claim during the reporting period

Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	0.00	50.00	50.00	0.00
Secondary	0.00	0.00	0.00	0.00
Tertiary	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00

3 Requirement for a Supply Base Evaluation

Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.

Is Supply Base Evaluation (SBE) is completed? No

N/A

Is REDII SBE completed? N/A

N/A

4 Supply Base Evaluation

Note: Annex 2 is generated if RED II is in the scope.

4.1 Scope

Feedstock types included in SBE:

SBP-endorsed Regional Risk Assessments used: Not applicable

List of countries and regions included in the SBE:

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

7 Mitigation measures

7.1 Mitigation measures

7.2 Monitoring and outcomes

N/A

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? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Raitis Latvelis	Consultant	20 Aug 2024
	Name	Title	Date
Report Prepared by:	Alar Kulp	CEO	20 Aug 2024
	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.			

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A

Annex 2: Detailed findings for REDII
Section 1. RED II Supply Base Evaluation

N/A

Section 2. RED II detailed findings for secondary and tertiary feedstock

10.1 Verification and monitoring of suppliers

N/A

10.2 Feedstock inspection and classification upon receipt

N/A

10.3 Supplier audit for secondary and tertiary feedstock

N/A

Section 3. RED II detailed findings for TOF feedstock

NOTE: For “Trees outside forests (TOF) – Urban and landscape feedstock¹” no REDII sustainability requirements apply, only the GHG savings criteria apply (SBP REDII Bridging ID Section 4.2). The land use category in this case is neither forest land nor agricultural land. For “Trees outside forests (TOF) – Agricultural land feedstock” the applicable criteria are Article 29 paragraphs (2)-(5).

N/A