



ESTONIAN FUND FOR NATURE

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To AS Graanul Invest

On 27th September 2022 we once again received a letter asking for our opinion and advice about your SBP certification. Despite the sincere tone of the letter, we have major doubts about the actual sincerity of this request. Consulting stakeholders is required under SBP procedures. However, our experience of providing feedback has proven this to be a tick box exercise aimed at boosting the sustainability claims of an environmentally harmful industry, instead of a meaningful attempt to address the environmental damage associated with production of wood pellets for energy. We note the following problems with the documents sent to us:

- Climate impacts are ignored at every step of the process.
- Biodiversity impacts are dealt with in a superficial manner.
- The attitude towards civil society is unacceptable.
- Inadequate background information is given.

Climate impacts

Unlike other forestry and wood product certification schemes, SBP acknowledges the climate impacts of forest management and timber harvest in principle. However, this acknowledgment is not reflected in any meaningful way during the actual certification process. Firstly, the standard falls short on capturing all sources of greenhouse emissions related to biomass procurement, production and burning. It treats national policy decisions on LULUCF as the optimal path for mitigating emissions instead of attributing emissions directly to the industry that is causing them.

Secondly, meaningful climate measures are further watered down at the Regional Risk Assessment (RRA) stage, during which the topic is dealt with in a superficial and biased way to safeguard a business-as-usual approach to forestry.

Finally, carbon emissions are only addressed in a most rudimentary way during the actual certification process. As the documents sent to us show, the criteria that should guarantee meaningful avoidance of carbon emissions are rendered useless by means of biased and unjustified definitions.

In the case of Graanul Invest's wood sourcing from Estonia, the most serious impacts relate to high rates of logging which cause negative trends in forest carbon stocks, and to forest management practices which cause avoidable emissions from forests on peatland. Both are wrongly dismissed during the RRA stage, however, Graanul Invest makes the situation worse by stating in its documents:

- that it only sources from peatland that degraded in the past to the point where it cannot be restored. It also states that these areas are defined as Oxalis drained peatland forests that should not be defined as peatland. These claims are not justified. There has been insufficient evaluation into the peatland restoration potential of these areas, and Oxalis type does not automatically exclude forest from meeting the definition of peatland. ELF has observed Graanul Invest sourcing from peatlands in the past, and documents provided by Graanul Invest include no guarantee that this practice will stop.

- that "the forestry sector is operating within stable and sustainable ranges, with forest increment allowing for larger logging volumes." The overall growing stock is in decline due to excessive logging in Estonia, and forests are now a net source of CO2 emissions according to national greenhouse gas inventory for 2020. This fact must not be omitted from the information provided for determining CO2 emissions.

All of this leads us to conclude that meaningful measures to limit or even capture emissions related to Graanul Invest's wood sourcing are totally absent and that no credible conclusions about sustainability can be drawn based on the documents sent to us. SBP certification based on an attempt to pretend otherwise would be unjustifiable.

Biodiversity impacts

Like climate mitigation measures, SBP biodiversity measures are insufficient for capturing and avoiding all serious adverse impacts, whether they are cumulative or site specific. Unlike criteria related to climate impacts, however, we do acknowledge some meaningful site-specific criteria for avoiding harm to High Conservation Value areas, both in the standard criteria and in the RRA. We also acknowledge that some of these are reflected in the documents sent to us for feedback. However, there are important shortcomings in this regard, too:

- The documents state that high risk wood will go through an additional control procedure if it fails the initial simple control procedure. However, no meaningful description of the additional procedure is provided, other than this will be carried out by an internal expert. There is no mention of databases or assumptions that will be used.
- The purpose of this additional control procedure seems to be to make use of a loophole in PEFC certification that allows certification of logging in Natura 2000 network forest habitats that PEFC considered not to be problematic.
- The documents describe sanitary logging as either beneficial or without impact on biodiversity in High Conservation Value areas such as woodland key habitats or Natura 2000 network forest habitats. There is no justification for this approach, and these assumptions are not backed up by evidence.

Biodiversity issues are also dealt with in a very superficial manner in the Supply Base chapters. The most outstanding examples are the use of vernacular bird names (like little eagle, sea

eagle, wood grouse) for its attempt on naming endangered species that in some cases cannot be associated with any scientifically described bird species or mentioning marine mammal protection measures to justify claims about well-functioning conservation measures in forest ecosystems in supply base assessments.

We therefore see very little in the documents to suggest any genuine commitment to addressing the biodiversity issues; instead, there are attempts to bypass RRA requirements. SBP certification should not be used to prove sustainability from a biodiversity aspect.

Attitude towards civil society is unexceptionable

There is a stark contrast between a cover letter asking kindly for feedback, and unjustified attacks against and name calling of civil society organisations in the media by Graanul Invest representatives. Unfortunately, such name-calling has even been used to attack joint documents, as if it was a valid response to very precise and evidence-based critiques of non-compliance with environmental commitments. Calling SOMO's report "Wood Pellet Damage" an op-ed, was unnecessarily patronising and has not only undermined trust in the sincerity of the company's request for meaningful input but has also discredited the certifiers and end users of the products.

Furthermore, the main question in the cover letter as to whether non-compliant-wood already logged should still be used in certified pellet production is not acceptable. Certificates are meant to assure customers that sustainability standards are met. Asking civil society for help with labelling non-compliant wood 'compliant' as the key focus of this consultation is a long way from what the initial procedure was designed for.

ELF is committed to offering its observations and expertise to anyone truly willing to address its impact in a meaningful manner, as long as the other party is willing to acknowledge the fundamental aspects of its footprint. However, we have little interest in participating in processes aimed solely at improving an industry's sales prospects.

Background information is flawed

There are notable flaws in the Supply Base chapter. Apart from the examples highlighted above, the information is generally inconsistent and irrelevant, and does not allow meaningful conclusions about sustainability to be drawn. It is also surprising to find Russia and Belarus in the supply base list. Apart from the fact that independent NGO involvement has been made impossible by restricting or prohibiting civil society organisations in these countries, therefore making validation impossible, buying wood from these countries is contributing funding to aggression against Ukraine and is unacceptable.

Ironically, most of the documents carry the slogan "*the promise of good biomass*" on their cover, although the content demonstrates clearly that there is no meaningful intent to consider environmental impacts. We would like to see real commitment to doing one's best to avoid unwanted impacts on the environment, and we are disappointed that the supposed 'promises' in the documents do not meet those expectations.

Sincerely,

Siim Kuresoo
Member of Executive Committee
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