



FOREK0

Sustainability Report
2024-2025

Foreword

Over the past two years, the forestry sector has been shaped primarily by changes in the economic environment, market instability, and the debate over the direction of Estonian forestry. Demand in the timber market has fluctuated, affected by low activity in the construction sector and geopolitical tensions. At the same time, interest rates and input costs have created a situation where companies must make carefully considered decisions to maintain competitiveness.

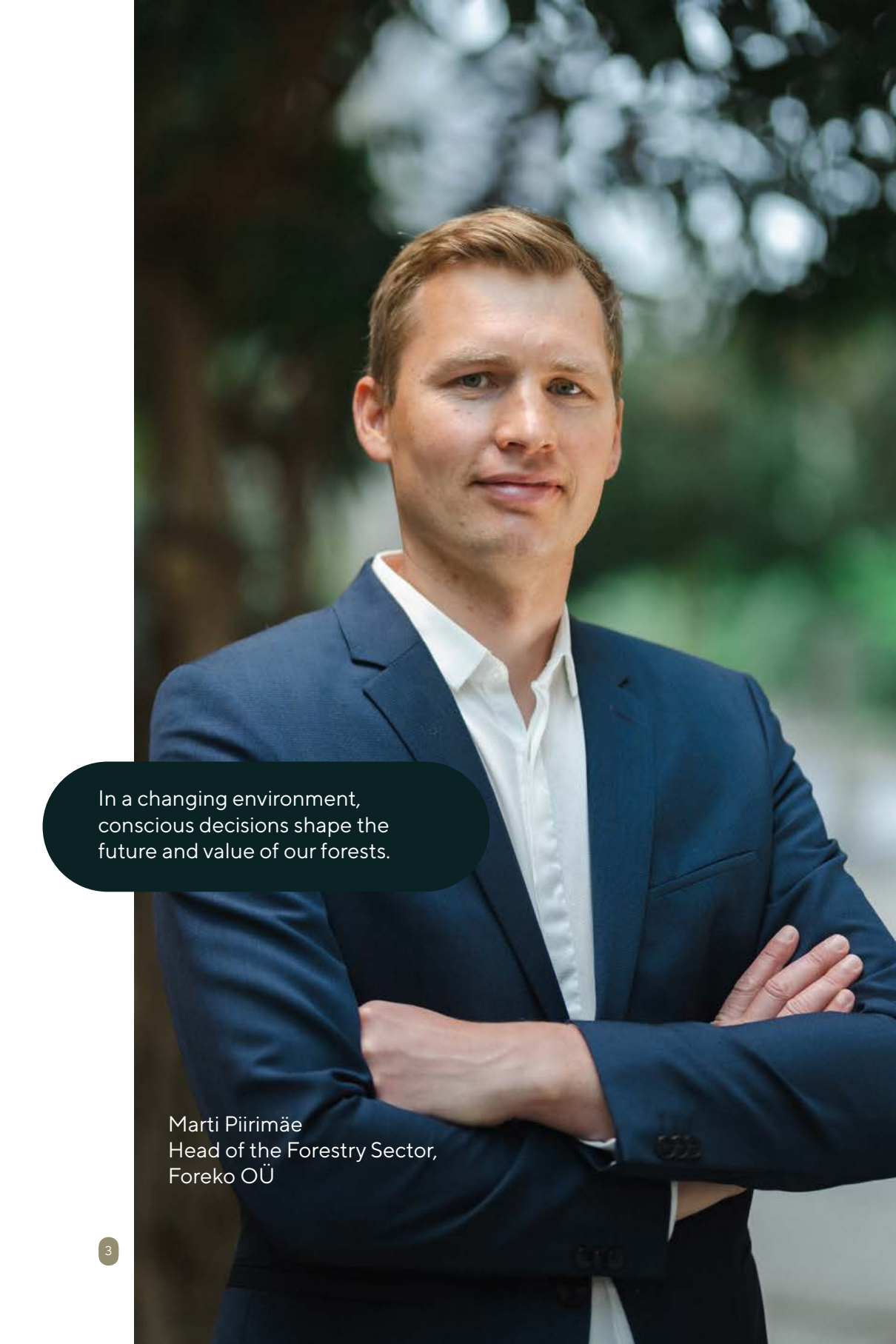
The long-term direction of Estonian forestry is still taking shape, and a consensus has not yet been reached. This means that both long-term investments and management decisions are affected by this uncertainty. By its nature, forestry is a long-term activity that requires thoughtful and consistent decisions supported by a clear, stable, and predictable state regulatory framework.

At the same time, planning forest management activities must increasingly take into account rapidly changing weather conditions. Short winters and heavy rainfall place new demands on forest management. This drives us to look for solutions that help get the necessary work done on time, thereby shaping diverse and resilient forests.

For Foreko, this means a conscious and balanced approach to forest management. Our goal is to maintain and grow the long-term value of forests – a well-managed forest is biodiverse, a good carbon sink, and a source of the timber needed by society. These decisions take into account both today's and future needs.

This report relays the activities and figures of the Foreko Group for 2024 and 2025. We have been voluntarily producing our sustainability report for several years, often applying criteria that go beyond standard ESG framework or sustainability reporting standards for medium-sized enterprises. Our report is primarily a tool aimed at providing an overview of the activities, objectives, and operating principles of Estonia's largest private forest management group. Dear reader, we hope you find this report an engaging read and an opportunity to reflect along with us.

Marti Piirimäe
Head of the Forestry Sector, Foreko OÜ

A portrait of Marti Piirimäe, a man with short brown hair, wearing a dark blue suit jacket over a white shirt. He is standing outdoors with his arms crossed, looking directly at the camera. The background is a blurred green forest.

In a changing environment,
conscious decisions shape the
future and value of our forests.

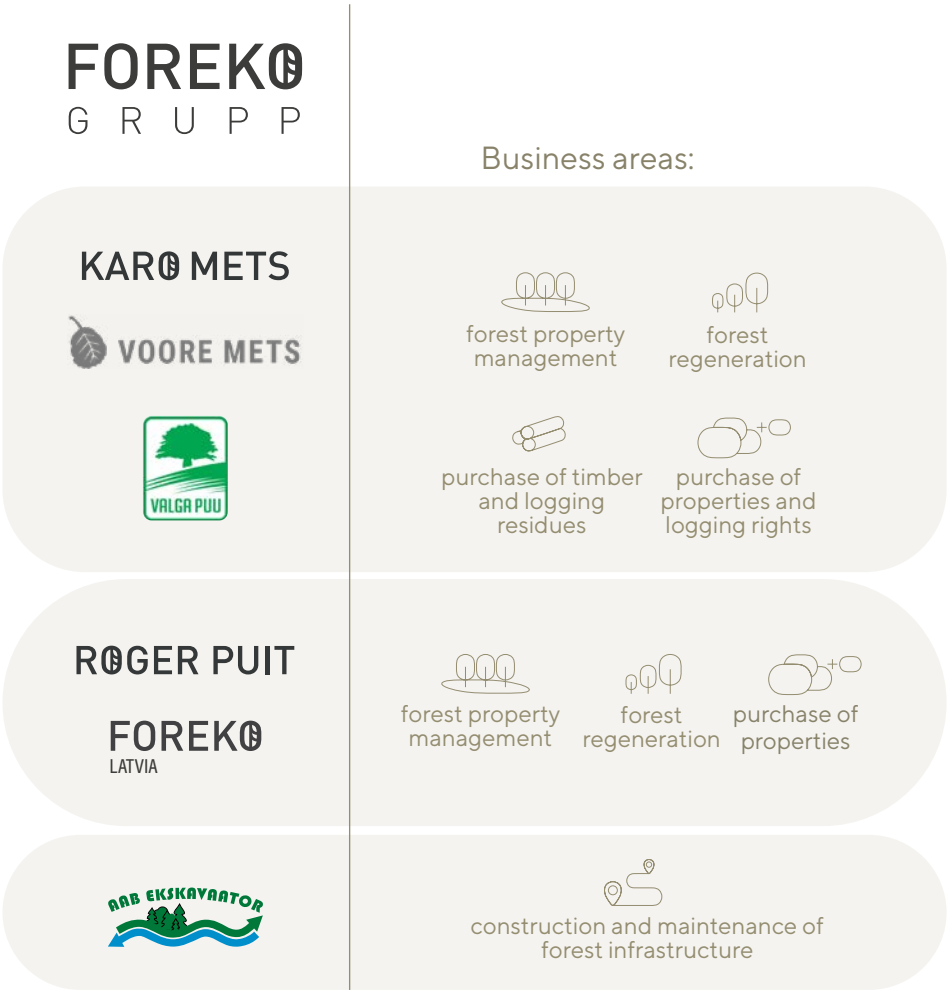
Marti Piirimäe
Head of the Forestry Sector,
Foreko OÜ

Foreko Group

Foreko Group is a forestry group with extensive experience, focusing primarily on sustainable forest management.

Our goal is to shape a diverse, sustainable, and well-maintained forest portfolio that enables us to provide nature-based raw materials and support the development of the circular and bioeconomy.

Foreko Group comprises six companies operating in Estonia and Latvia.



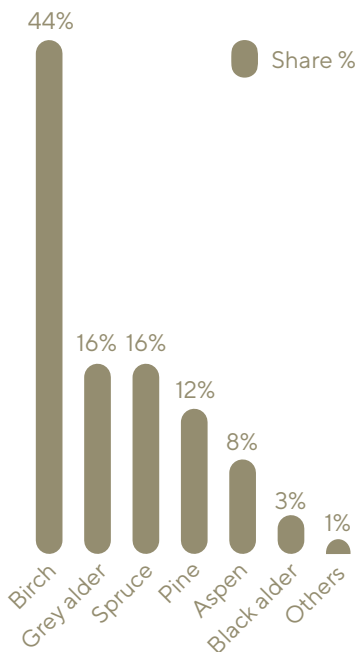
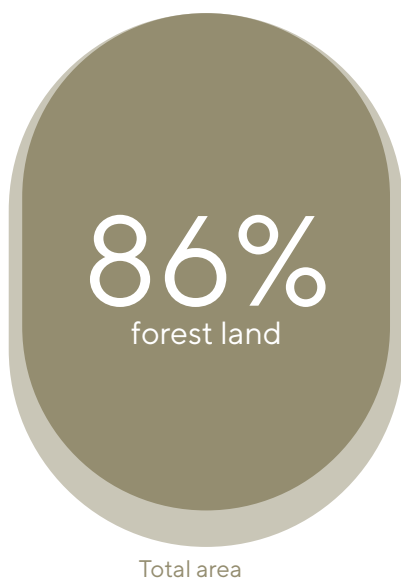
1 Foreko Group forest portfolio



1.1 Forest portfolio

The total area of the Foreko Group's forest portfolio is 79,292 hectares, with forest land accounting for 86%.

Distribution of area by dominant tree species, 2023-2025

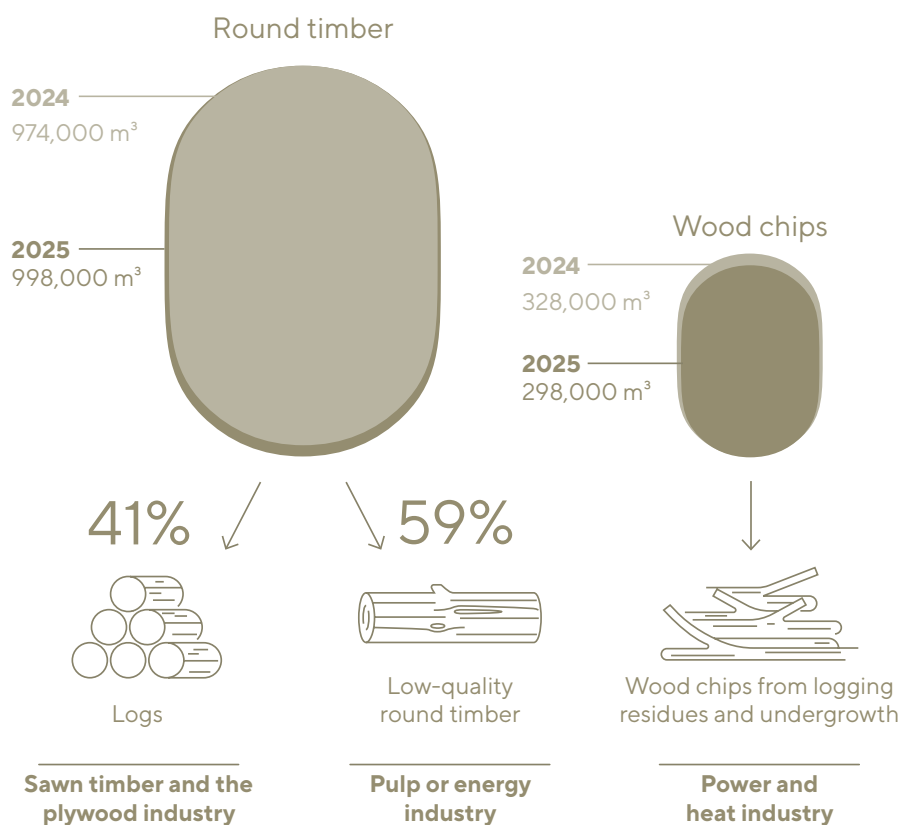


1.2 Timber supplied

The timber supplied by the Foreko Group originates both from our own managed forests and from those of our partners, as well as from other forest owners to whom we provide timber marketing services.

Within the quality distribution of roundwood, sawlogs account for 41% and lower-quality timber for 59%, nearly two-thirds of which has the potential for chemical valorisation.

Timber volumes, quality distribution, and usage areas



1.3 Forest management

The forest companies of the Foreko Group manage their forests responsibly and sustainably, applying best practice and science-based solutions.

The foundation of forest management lies in consistent regeneration, maintenance, and monitoring, ensuring the productivity, sustainability, and long-term value of the forests.

In our activities, we are guided by the principle that forests simultaneously fulfil economic, ecological, and social functions. Mature forest is harvested purposefully, after which the establishment of a new forest generation begins, ensuring the continuous renewal of the forest.

Our goal is to preserve and grow the value of forests in a way that allows us to leave future generations with forests in at least as good or better condition than we found them.



Foreko Group forestry principles

- We manage forests thoughtfully and in a mosaic pattern, taking into account the condition and characteristics of the forest while using appropriate techniques and high-quality planting material.
- We improve the health of forests to ensure biodiversity and resilience to climate change.



1.4 Forestry management operations

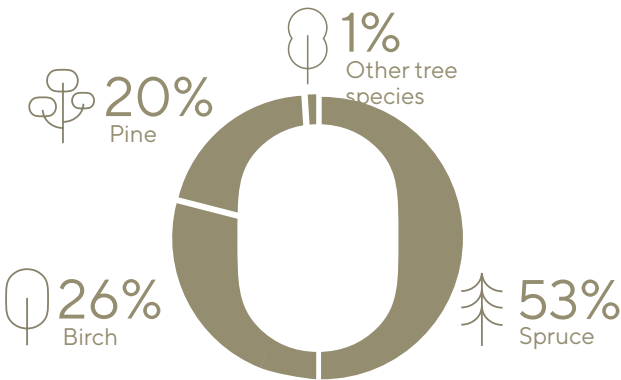
In 2024, we planted 1,083,000 forest seedlings.



In 2025, we planted 987,000 forest seedlings.



The proportion of planted seedlings by species is as follows:





Maintenance work:

Maintenance of planting and seeding areas

On 1684 hectares

On 1638 hectares

Thinning

On 730 hectares

On 1170 hectares

Selective cutting

On 1346 hectares

On 1192 hectares

Sanitary felling

On 611 h

On 247 h

Maintenance of drainage systems

139 km

136 km

Year 2024

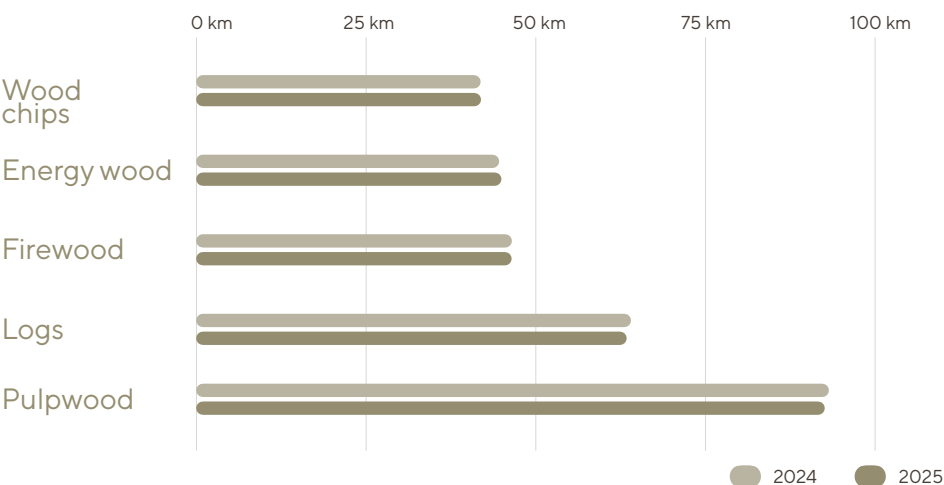
Year 2025

Tending and maintenance operations are the kind of forestry activities that often go unnoticed by society. Despite this, they are labour-intensive tasks with a long-term positive impact, improving growing conditions for trees and producing higher-quality timber. Within our group, we maintain the volume of these operations at a level that ensures a lasting positive impact across our entire property portfolio.

1.5 The journey of timber

- We prioritise domestic wood processors.
- We cooperate with major timber processors located across Estonia, situated close to the forests.
- However, local processing capacity for birch and softwood pulpwood is limited. Consequently, this timber is directed to ports, resulting in longer haulage distances.

The journey of timber in kilometres



2 The Foreko Group's contribution to the environment

The land use sector, including forestry, plays an important role in carbon sequestration and in achieving climate objectives. In this process, a key role is played by healthy, well-growing forests and by increasing forested areas through the afforestation of abandoned and overgrown, low-value farmland and grasslands.

In 2024 and 2025, we planted trees on 160 hectares of unused farmland and will continue to do so in the future – the positive impact of this activity will endure and grow for decades. Since CO₂ sequestration from the atmosphere is directly linked to the growth rate of trees, we keep our focus on three main factors that help accelerate tree growth in our forests:

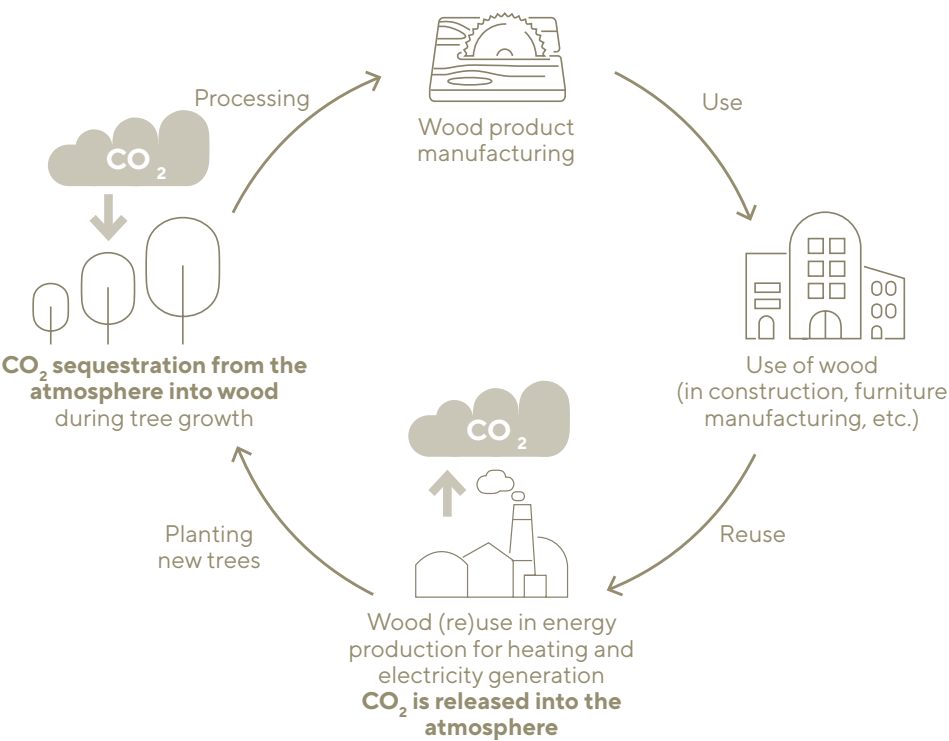
- planting seedlings with strong growth characteristics;
- maintaining drainage systems;
- tending young forests.

Forest seedlings grown from high-quality seed orchards ensure future forests with a 10–30% higher growing stock, while functioning land improvement systems provide an additional 2.5–3 cubic metres of annual growth per hectare.



The recently adopted European Union Bioeconomy Strategy recognises the important role of wood in replacing products with a higher carbon footprint, thereby enhancing the climate benefits of wood use. We continue to consider it important that both fossil fuels and other products with a higher carbon footprint be replaced with renewable biomass. When using renewable biomass, carbon is indeed released into the atmosphere, but it is part of the natural carbon cycle, following natural processes, and does not increase the total amount of carbon in circulation. Furthermore, carbon stored in high-quality, long-lasting wood products is removed from the carbon cycle for an extended period.

The lifecycle of carbon in wood



3 Foreko Group nature conservation



Foreko Group's principles of nature conservation

- In matters of nature conservation, we follow the local legal framework and the requirements of the international PEFC sustainable forest management standard.
- We do not carry out forest management operations in strictly protected areas or in those woodland key habitats that we have voluntarily placed under protection and for which we have concluded a notarial woodland key habitat protection agreement with the state.
- In forests where management is subject to restrictions – mainly buffer zones around strictly protected areas – we follow the guidelines of the Environmental Board.

In addition to sustainably managed forests, nearly 16% of our areas are protected. Since forest management is unsuitable for certain species, these forests are under strict protection and are not managed in any way. However, there are other species that are not significantly affected by forest management – in such forests, management is permitted with additional restrictions.

These restrictions include constraints on the timing of operations, coupe size, and the type of felling.

The remaining forests are so-called commercial forests, the management of which is also strictly regulated by Estonian legislation.

In addition, we voluntarily follow the requirements of the PEFC sustainable forest management standard when managing our forests.

Areas with
management
restrictions in the Foreko
Group's portfolio:





Ivaskimetsa flood meadow

In order to ensure the well-being of certain habitats, human assistance is required. In cooperation with the Environmental Board, 3.6 hectares of flood meadow were restored on Roger Puit's Ivaskimetsa land unit. This is a semi-natural grassland located in a water body flood zone, situated within the special conservation zone of Soomaa National Park. Nearly half of the restored area was covered with woody vegetation, while the other half was hummocky and covered with tall plant species.

During the operations, the woody vegetation was cleared first, after which the stumps were mulched and the hummocks crushed. The restoration works lasted from the autumn of 2024 until the beginning of April 2026. Following the restoration, the Ivaskimetsa flood meadow will be maintained through livestock grazing or mowing. With consistent maintenance, the meadow's vegetation will become more diverse.

Among bird species, the corncrake (Crex crex), a species under the third protection category, nests on the flood meadow; the restoration works successfully created suitable nesting conditions for this bird.

Furthering professional knowledge

In order to plan operations in various restricted areas, specialised professional knowledge is essential. Two foresters from the Foreko Group advanced their practical knowledge in restoring different ecosystems – objectives, necessary activities, planning, and monitoring – during a micro-credential course in ecological restoration. As part of the program, they visited actual nature restoration sites.

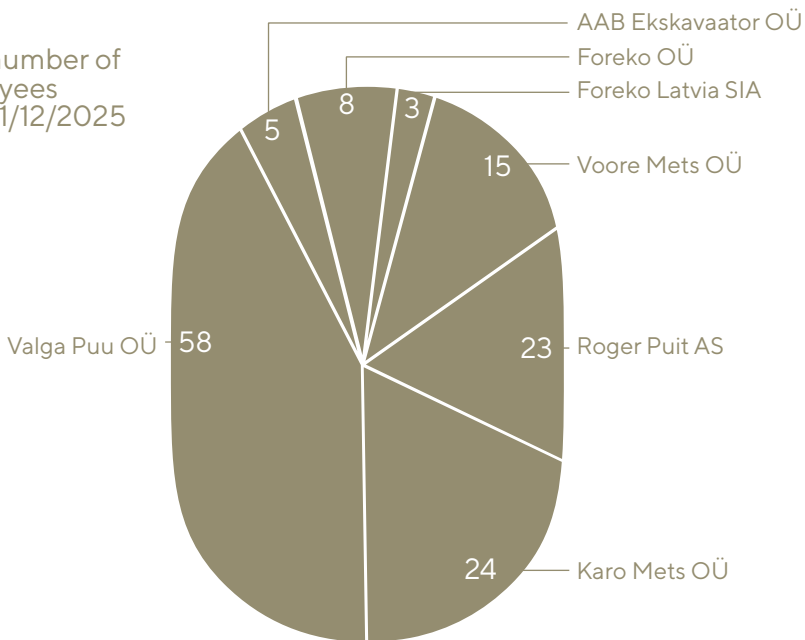
Chief Forester Tamar Muzakko made the following comment on exploring these sites: "So far, several restoration projects have been implemented, but it must be noted that rather than just restoration, longer-term post-restoration studies are needed to confirm or refute the hypotheses set. The surrounding conditions are constantly changing, and it must be kept in mind that restoration work should not cause harm rather than benefit." In addition, the course covered environmental impact assessments. This knowledge and these skills will be of direct benefit when planning operations in conservation forests.



4 Foreko Group's socioeconomic impact

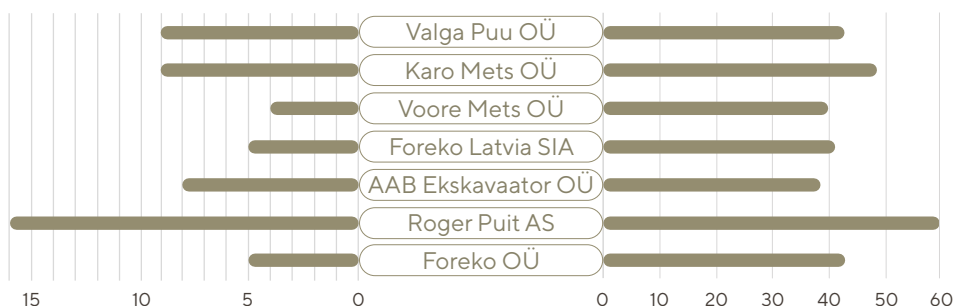
4.1 Employment

Total number of employees as of 31/12/2025



Average years of service

Average age of employees





Our company boasts an impressively long average length of service – as much as 16 years. Our cooperation with our valued partners is equally long-standing. We consider innovation, financial security, and overall satisfaction to be of paramount importance.

Mirkko Koppel, CEO of Roger Puit

- We consider it essential to be a long-term and stable employer even outside major urban hubs.
- In our primary counties of operation, our average salary is nearly 1.8 times higher than the county average.
- We cooperate with education institutions on internship programmes as well as retraining and further education.
- Through our service providers, we provide employment to nearly 200 people, and seasonally to about a hundred more (silvicultural workers, machine operators, drivers, mechanics, and planters).

Forestry has long ceased to mean just physical labour in the woods. The sector is increasingly shaped by digital solutions and artificial intelligence, which make the work smarter, more precise, and data-driven. It is a field where one must constantly learn and keep up with changes. For instance, today's harvester operator's workstation more and more resembles an airplane cockpit – it is full of screens, joysticks, and buttons. Operating such a machine requires high-level technical knowledge, good spatial awareness, and excellent practical skills.

Consequently, our team members enhance their skills through manufacturer training and micro-credentials, or continue their education at the master's or doctoral level. Within our group's companies there is almost always someone pursuing further studies. Through lifelong learning, both the company and the region develop. The resilience of the Estonian economy does not stem solely from innovation in major cities. It also relies on distributed employment and strong employers outside growth centres. When work is close to the people, life, skills, and many families remain in rural areas.

Forestry traditions and history are important to us. We have consistently supported and actively participated with our team in forestry skills competitions. These are not merely competitions against one another, but also events where different generations meet and share knowledge.

4.2 As a supporter of local life



The Foreko Group's forestry companies actively contribute to the development of local communities. We have maintained the well-established principle that our forestry enterprises help contribute to local activities on a regional level, as they are best positioned to assess the specific funding needs of the area and possess a direct connection with the local community.

Marti Piirimäe, Head of Forestry at the Foreko Group

The Foreko Group's companies have focused their support primarily on activities related to youth recreation and sports. For instance, we contributed to the work of the Tõrva Football Club, Parksepa Sports Club, Valgamaa Basketball Club, Pärnu's Kalev Sports Society, the Estonian Ski Association, Tääksi Sports Club, Joosu (the organiser of the Around Lake Viljandi Run), Dorpat Estonian Motorsport Academy, and other organisations. We also backed the organisation of the NERM 2024 Estonia international event by the Estonian Forestry Students' Society, as well as the Rakett 69 science camp.



In terms of major event sponsorship, special mention goes to the Tartu Ski Marathon, where Valga Puu has been the title sponsor for several years. This is an iconic skiing festival that gathers thousands of sports enthusiasts every year from every corner of Estonia and the most distant places in the world. The participants include professional skiers, hobbyists, and young ski enthusiasts who can take part in children's races.

We are open to communities: as part of the Forest People's Day (Metsarahvapäev), we have invited people to hike in the woods, observe our daily operations, and listen to educational insights on research findings by scientists.



5 Foreko Group cooperation and research projects

“

Research projects play a crucial role in the sustainable development of the organisation, as they support the creation of science-based solutions in the forestry sector. Our research activities focus on developing innovative and practical solutions that help reduce environmental impact, enhance resource efficiency, and increase social value. The projects are implemented in cooperation with the Estonian University of Life Sciences.

Aleksander Tamm, Research Projects Specialist at Foreko

Since the end of 2024, **the Estonian University of Life Sciences** has been fulfilling a joint commission from **Valga Puu, Roger Puit, and other forest owners to map** and measure forest stands managed similarly to continuous-cover forestry, and to assess their health status. The final deadline for the project is 31 December 2026.

Photo source: Estonian University of Life Sciences



Foreko has commissioned a study from **the Estonian University of Life Sciences for the WoodCell project**, where the university's task is to develop a forest management model for birch stands growing on forest and agricultural land. In 2025, repeat measurements of permanent sample plots were carried out, and initial models for plantations were developed. The following activities are carried out within the framework of the project:

- 1 assessing the productivity of birch stands and birch plantations across Estonia, based on the permanent sample plot network of the Estonian University of Life Sciences;
- 2 developing growth models for birch stands and birch plantations, and assessing biodiversity and carbon sequestration capacity;
- 3 preparing guidelines for the thinning of birch stands and birch plantations: frequency, optimal tree density in different age classes, and optimal maturity age.



Find out more
about the
WoodCell project



Photo source: Estonian University of Life Sciences



Karo Mets continues its participation in a work package of the **LIFE-SIP AdaptEST project “Ensuring Healthy, Resilient and Diverse Forests in a Changing Climate”**, which is part of the LIFE integrated project “Implementation of National Climate Change Adaptation Activities in Estonia”. The aim of the project is to determine how different tree species grow together in mixed stands. Mixed stands could offer forest owners economically viable and sustainable solutions. They are also considered to be more resilient to challenges caused by climate change, primarily reducing risks related to various disturbances. The mixtures include tree species common in forest management, as well as alien and broad-leaved tree species that may grow and adapt better under changing climate conditions.

Foreko remains involved in the **Ecoloop project**, which will produce a carbon calculator to determine how much carbon forests and afforested areas have sequestered. The development of the carbon calculator is led by the Estonian University of Life Sciences, with Foreko acting as the data provider and tester for the calculator.



Find out more
about the
Ecoloop project



The Foreko Group’s companies also consider it essential to support students and young researchers. To this end, cooperation with the Artur Nilson Foundation was initiated in 2024, aiming to encourage the academic performance and social activity of forestry curriculum students at the Estonian University of Life Sciences, and to raise awareness of the importance of forestry education and research in the development of sustainable forestry. Within the framework of this cooperation, scholarships are awarded each academic year to two doctoral, three master’s, and four bachelor’s students in forestry specialisations.

6 Legal framework and sustainability standards

Foreko Group is committed to ensuring that its operations comply with all applicable legal regulations. Our environmental lawyer Rutt Grünberg highlights the main challenges:

- the rapidly evolving and expanding legal framework;
- ambiguity regarding the entry into force of planned amendments;
- vagueness and ambiguity of certain requirements;
- the resulting uncertainty in making business decisions and planning operations.

Adapting to new regulations often requires adjustments and, in some cases, a reorganisation of work processes. This demands special attention and effort in a situation where the legal framework is shifting quickly and uncertainty prevails regarding the substance and associated impacts of these changes.

Both at the Estonian and European Union levels, several legislative acts were adopted between 2024 and 2025 that already affect the Foreko Group's operations or will manifest their impact in the coming years.

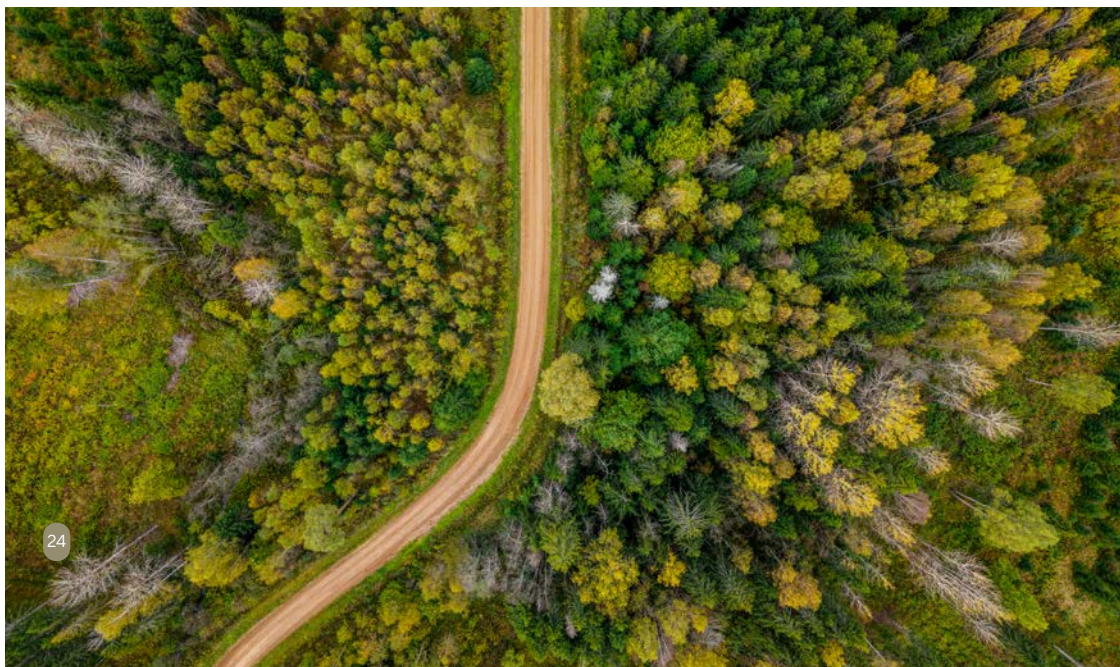
Some of the most significant examples include:

- **As of July 2024**, a state fee must be paid for the processing of every forest notification for regeneration felling.
- Amendments to the Land Tax Act that entered into force **in July 2024** grant local governments the right to increase land tax by up to 50% **starting from 2025** (previously 10%) and, **from 2026** onwards, to decide on the annual increase of land tax without national restrictions.
- **In June 2024**, the European Union's Nature Restoration Regulation was adopted, under which Estonia must prepare a national restoration plan and submit it to the Commission **by September 2026**.

- The application of the EU Deforestation Regulation (EUDR) was repeatedly postponed in 2024 and 2025; as things stand, it will apply to the Foreko Group **on 30 December 2026**.
- An amendment to the Land Improvement Act was adopted **in 2025** and entered into force **at the beginning of 2026**, allowing existing land improvement systems to continue to be registered under a simplified procedure (previously, this option was valid only until January 2026).

Uncertainty still prevails in the following areas:

- whether and in what form extensive amendments to the Nature Conservation Act and the Forest Act, which could significantly affect the forestry sector, will be adopted. The corresponding draft bills were initiated in September 2024;
- whether and in what form the Climate Resilient Economy Act, the draft bill of which was initiated in 2024, will be adopted;
- whether and how the implementation and legal regulation of the bird nesting truce will be modified, considering the preliminary ruling of the European Court of Justice and the decision of the Supreme Court regarding the suspension of felling;
- whether the registration of forest notifications in green network areas and the role of comprehensive plans in imposing restrictions within green networks will be further clarified.





6.1 Certificates

In February 2025, Foreko OÜ acquired the Sustainable Biomass Program (SBP) certificate.

The SBP certification framework covers a wide range of bio-based products, including wood pellets, wood chips, and other processed wood-based products, ensuring compliance with regulatory requirements, sustainability criteria, and responsible sourcing practices. Through the certification of various biomass materials, the SBP supports the transition to a low-carbon economy while promoting transparency, traceability, and best practice throughout the supply chain. The certificate proves that Foreko's products meet stringent criteria for sustainability, traceability, and responsible production. The SBP certificate strengthens our credibility in the eyes of partners and customers, and supports our strategic objective to contribute to a low-carbon future.

In addition to meeting mandatory requirements, all companies within the Foreko Group have voluntarily committed to adhering to the PEFC sustainable forest management standard. Developed by the PEFC Estonia working group, the standard is based on the principle that the sustainable management of Estonian forests functions in a way that maintains biodiversity, forest productivity, regeneration capacity, and vitality, as well as the ability to fulfil ecological, economic, and social functions without causing harm to other ecosystems.

7 Digital forest management



Over the years, the Foreko forestry group has invested in developing its digital capabilities to ensure that data, workflows, and services move digitally as much as possible. In 2025, the primary focus was on the development of the Metsavaht software. The software is designed as a field application for all employees of our forestry companies who move around the forest and perform various tasks every day.

Meelis Meigo, Project Manager at Foreko

Metsavaht enables users to:

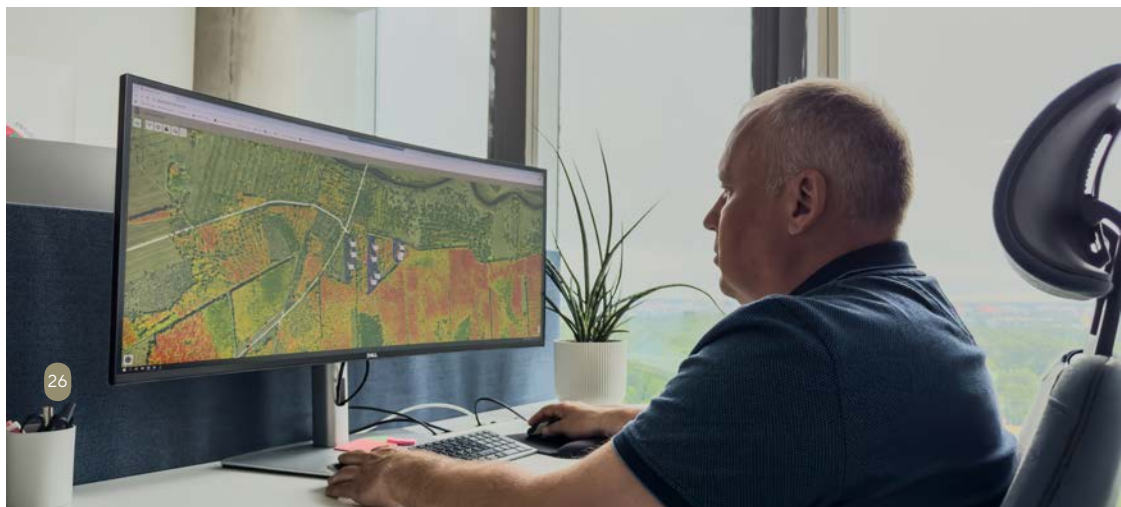
- navigate forest objects using map layers;
- make observations and log information directly into the database;
- manage forest regeneration activities;
- digitally issue work orders to partners;
- collect work reports and calculate the costs of outsourced services.

In addition, the existing features of the Metsahaldus software have been further developed.

Find out more
about the
Metsavaht software



Development of the Metsavaht software was supported by the joint organisation of Enterprise Estonia (EAS) and KredEx.





Forest is
our passion

FOREKO
G R U P P