SBP

Sustainable Biomass Program

DNV GL Business Assurance Finland Oy Ab Evaluation of Stora Enso Wood Products, OOO Setnovo, Nebolchi Mill Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

www.sbp-cert.org

Completed in accordance with the CB Public Summary 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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1 Overview

CB Name and contact:	DNV GL Business Assurance Finland Oy Ab
Primary contact for SBP:	Jyrki Sopanen, jyrki.sopanen@dnvgl.com
Current report completion date:	24/Oct/2019
Report authors:	Karina Seeberg Kitnaes
Name of the Company:	Stora Enso Wood Products, OOO Setnovo, Nebolchi Mill
Company contact for SBP:	Irina Vasilyeva, irina.vasilyeva@storaenso.com; tel. +7 816 686-51-01
Certified Supply Base:	North-West Russia, including the Regions of Arkhangelsk, Leningrad, Kirov, Kostroma, Novgorod, Pskov, Republic of Karelia, Tver and Vologda.
SBP Certificate Code:	SBP-05-04
Date of certificate issue:	19/Sep/2016
Date of certificate expiry:	18/Sep/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Production of wood pellets at Nebolchi and transportation to the port of St. Petersburg. The scope of the certificate does not include Supply Base Evaluation.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system of is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

It should be noted here that the Second Surveillance Audit was waived by the Biomass Producer due to no sales of SBP compliant biomass.

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from https://sbp-cert.org/documents/standards-documents/standards

☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)

☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 4: Chain of Custody *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 5: Collection and Communication of Data *(Version 1.0, 26 March 2015)*

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

OOO Setnovo, Nebolchi Mill, is a saw mill complex operating under the ownership and management of Stora Enso Division Wood Products. The top management is located in Helsinki, Finland. At the local context of Nebolchi, the sawing, planing and pellet operations are managed by the mill manager and operational management staff.

The raw material of the pellet production unit originates completely from the adjacent own saw mill, including a planning unit producing shavings for pellets, and the neighbouring sawmill. The saw dust and shavings are conveyed between the units with a conveyor, while minor amounts of saw dust are transported by wheel loaders from a supporting buffer stock.

The saw mill sources its logs from FSC certified forests by Stora Enso's own wood supply unit or FSC-certified suppliers within the supply base.

5.2 Description of Company's Supply Base

The sawmill's wood sourcing area is the North-West Region, including the Regions: Vologda, Novgorod, Leningrad, Tver, Kirov, Kostroma, Arkhangelsk, Pskov, Karelia Republic

All land in supply base area is owned by Russian Federation, no private forest ownership. The logs are transported by trucks and railway to the saw mill. Stora Enso has an FSC-certified affiliate company for wood sourcing, Stora Enso Forest West. All raw material is bought and invoiced by this company. The ownership is transferred upon receive at the mill yard.

Harvesting operations take place in state owned forests, typically leased to private companies. Stora Enso has leased a total of 0.4 million hectares of state-owned forests which are all FSC Forest Management certified. Approximately 50 % of the forest area within the supply base is FSC Forest Management certified.

Forest management practices are based on the forestry law, forestry guidelines, and forest management planning practice by the state forestry organization. Also, long term forest lease holders (companies) must hold a valid forest management plan. The forest rotation period is 60-120 years. Forest is grown with 1-2 thinnings during the rotation period, with a final harvesting and a regeneration of a mature stand. Planting or natural seeding can be used in regeneration. Alternatively, forest regeneration is done in narrow stripes, which are regenerated naturally before proceeding into the next stripe. GMO trees or introduced tree species are not used.

Continuous cover forestry practice is also available. Continuous cover forestry is based on a 15-20 years harvesting cycle with selective harvesting and preservation of the viable undergrowth to form the next tree generation. In the North-West Russia's two-storey spruce-birch stands, where spruce was naturally generated under a pioneering birch layer, it is common to remove the upper birch layer with preservation of the viable spruce understorey.

5.3 Detailed description of Supply Base

Supply Base

a. Total Supply Base area (ha): 83,87 million ha in Arkhangelsk, Leningrad, Kirov, Kostroma, Novgorod, Pskov, Republic of Karelia, Tver and Vologda - cumulative area within SB
b. Tenure by type (ha): State ownership/Long-term concession to forestry enterprises
c. Forest by type (ha): 83,87 mill ha Boreal
d. Forest by management type (ha): 83,87 mill ha managed semi-natural with native species
e. Certified forest by scheme (ha): More than 50% of supply base is FSC FM certified

Feedstock

f. Total volume of Feedstock: Band: 0-200.000 tonnes
Banding of feedstock and production figures is used to avoid any potential noncompliance with the competition laws. Stora Enso is unable to publish the requested information due to the fact that it contains competitively sensitive information. In order to comply with Stora Enso's internal policy guidelines, the answer is therefore published in a consolidated format.
g. Volume of primary feedstock: N/A
h. Volume of primary feedstock from primary forest: N/A
i. Volume of secondary feedstock:
    - 80-100% sawdust
    - 0-19% sawmill residues.
j. Volume of tertiary feedstock: N/A.

The qualitative and quantitative description of the Supply Base can be found in the Biomass Producer's SBP.

5.4 Chain of Custody system

All feedstock sourced is covered by Stora Enso's own wood traceability system, which is third party certified according to FSC Chain of Custody/Controlled Wood and PEFC COC. All feedstock is sourced to the pellet production unit and one neighbouring mill through the FSC COC system of the sawmill using the credit system. Both the own mill complex and the neighbouring mill are FSC COC certified. The system and certificate cover pellets as a product group. There is a common credit account management and calculation tool for the whole mill complex, where the SBP inputs and outputs are calculated and can be verified. The input invoices contain proper claims based on the FSC status so that the correct SBP status can be established for each batch (compliant/controlled).

6 Evaluation process

6.1 Timing of evaluation activities

August-September 2019: Audit planning, document review (location: Home office and DNV office, Espoo Finland), performed by the Lead Auditor and DNVGL staff responsible for contracting. Duration: 0,25 person-day.

27 September 2019): SBP On-site office audit (location: Nebolchi Mill). On-Site audit, office, pellet production line and storage facilities), performed by the Lead Auditor, assisted by a DNVGL translator and with representatives of the BP, i.e. the SBP responsible and manager. Duration: 1 person-day.

October 2019: Off-site audit with system and procedures review and reporting, technical review (location: Home office and DNV office, Espoo Finland) performed by the Lead auditor, Technical reviewer and Certification decision maker. Duration: 0,75 person-day (total off-site 0,25+0,75=1,0 person-day).

6.2 Description of evaluation activities

The on-site audit, document review and report writing contained full document reviews, record reviews, interviews of responsible personnel, calculation verifications, on-site inspection of each step and unit of the pellet production and storage, as well as reverse tracking of a timber batch.

Critical control points included verification of feedstock input categories and origin and output categories: pellets (SBP-compliant biomass) and checking the credit account calculation table and data recordings thoroughly.

6.3 Process for consultation with stakeholders

N/A. This is the Third periodic surveillance.

7 Results

7.1 Main strengths and weaknesses

There is proven competency and long experience of COC management in the Stora Enso divisional management, and at the local level at the Nebolchi Mill in Russia.

As the supply base contains only certified and controlled inputs, the SBP system for the mill and the pellet production is rather simple in terms of risk management and overall. The COC system and management functions well with recording of all data in a systematic and organised way.

During the third Periodic Surveillance, the strengths of the company include the clear track of secondary feedstock inputs, the flows from receipt of inputs through the pellet production line to end-point including clear track and recording of all transporting and storage.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

Since the scope of the SBP system is rather limited and as the feedstock originates exclusively from the secondary residues, the GHG profiling data can be obtained through a quite simple routine.

The baseline and general procedures are in line with the Document 5A requirements and procedures. The BP has maintained data for the ID5B SAR v1.2 and the ID5C Static Biomass Profiling Data sheet v1.1, where all data are based on own data recordings and data from electricity supplier and transport company.

The ID5B and ID5C reports covering the reporting period 01/01/2018 - 31/12/2018 was reviewed and approved at this PA3.

7.4 Competency of involved personnel

The personnel responsible for the system on the Stora Enso divisional management as well as at the Nebolchi Mill have a long experience of FSC Chain of Custody System management. In the Nebolchi Mill' SBP system context, the knowledge relating to GHG data profiling procedures has been improved and data calculations are clearly well run by the involved personnel.

7.5 Stakeholder feedback

N/A. This is the Third Periodic Surveillance.

7.6 Preconditions

No preconditions issued.

8 Review of Company's Risk Assessments

N/A

9 Review of Company's mitigation measures

N/A

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

NC number SBP5-PA3-2019-01	**NC Grading:** Observation
Standard & Requirement:	SBP Standard 5, Instruction Document 5B, 3.2.9
Description of Non-conformance and Related Evidence:	
During the audit, all data reported in the ID5B SAR report was checked against the recordings and calculations of the BP. All data was possible to find and the calculations were well justified and sources presented. However, during the audit quite some time was spent on finding the data. This observation is raised to remind the BP to have procedures, data and records organised so that all SBP data reported in the ID5B SAR report and the ID5C profiling data sheet are immediately available during the external SBP audits.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number P1-1-2017-1P31	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 2, 6.3
Description of Non-conformance and Related Evidence:	
The BP has declarations from all suppliers stating that the raw material originates from the countries listed in the provided declarations. These declarations are renewed annually. However, the suppliers are not obliged to inform Stora Enso in case there are some amendments in the supply bases of the suppliers. Thus, there is no full-covering mechanism for ensuring that the place of harvesting is located in the defined supply base.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Records, supplier declarations and transportation documents
Findings for Evaluation of Evidence:	The pellet production only receives secondary feedstock from own sawmill and one neighbouring mill. All supplies are FSC 100% or FSC CW. Records in place to prove place of harvest to within the defined SB. The Stora Enso traceability system ensures that the origin is recorded and the origin checked for being within the SB. Transport documents are available to the BP. For the FSC 100% inputs from the neighbouring mill, the BP receives annual records of origin from the supplier, which the BP crosschecks with the SB. The BP has not had any sales of SBP-compliant biomass since 2017.
NC Status:	Closed

NC number P1-2-2017-1P31	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 2, 6.2
Description of Non-conformance and Related Evidence:	
Since Initial Audit, the BP has acquired two new saw dust suppliers. For these suppliers, there is no access to records showing the origin of the raw material. Although both suppliers are FSC-certificate holders, the BP shall have an arrangement to record the place of harvesting.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Records, supplier declaration and transport documentation
Findings for Evaluation of Evidence:	For the FSC 100% inputs from the neighbouring mill, the BP receives annual records of origin from the supplier, which the BP crosschecks with the SB. For the supplier declaration and records on origin, the BP

	crosschecks that the origin stated is within the defined supply base. The BP has not had any sales of SBP-compliant biomass since 2017.
NC Status:	Closed

NC number P1-3-2017-1P31	**NC Grading:** Observation
Standard & Requirement:	SBP Std. 2, 15.4
Description of Non-conformance and Related Evidence:	
The person recording the transactions in the DTS has not been defined. This finding is issued as an Observation, since the SBP responsible has general responsibility over SBP and there is no confusion about it in practice.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Interview with SBP responsible and procedures manual, demonstration of logging into the DTS
Findings for Evaluation of Evidence:	The personnel responsible for the SBP related procedures are clearly defined. The SBP responsible has also been defined to be the person to record the transactions in the DTS.
NC Status:	Closed

NC number P1-4-2017-1P31	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 5, Instruction Document 5B, 5.1.3
Description of Non-conformance and Related Evidence:	
The supporting evidence was missing for diesel consumption figures for handling of feedstock. The given data were estimates provided by the subcontractor.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Data, records signed by contractor, calculations
Findings for Evaluation of Evidence:	The BP has maintained records of data and methodology for calculation energy use, including diesel consumption in a plausible way. Data provided by subcontractor and records maintained by the BP.
NC Status:	Closed

NC number P1-5-2017-1P31	**NC Grading:** Minor

Standard & Requirement:	SBP Standard 5, Instruction Document 5B, 3.1.1
Description of Non-conformance and Related Evidence:	
Minor errors and inconsistencies in the SAR data:- The actual length of the conveyor for Feedstock ID 3 is 36,8 m instead of 30 m.- In the process descriptions, handling in the harbour and vessel transportation are described although these phases are not included in the scope of the SBP system.- The moisture content of feeadstock after the dryer is given as a range of variation (9-12 %) instead of a fixed average.- The given moisture content of the pellets was 6,43 % but according to the calculated average of all measurements for year 2016 the correct value is 6,457 %- The use of wood chips in the boiler: according to SAR 0,007 but according to data and calculation 0,0077 t/ton of pellets- The use of bark in the boiler: according to SAR 0,078 but according to data and calculation 0,0701 t/ton of pellets	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Records, data, calculations
Findings for Evaluation of Evidence:	During the audit, the details, data and records behind the SAR report was checked and calculations were checked. All data was found to be supported by recorded data and calculations were found correct.
NC Status:	Closed

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Kimmo Haarala
Date of decision:	12/Nov/2019
Other comments:	Based on the Third Periodic Surveillance process, it has been shown that the management system implemented by the BP meets the requirements of the applicable SBP standards and the certificate remains valid. The corrective action resulting from the minor NC shall be implemented within 12 months following this surveillance.