

Supply Base Report: Stora Enso Wood Products, OOO Setnovo, Nebolchi Mill

Third Surveillance Audit

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

© Copyright The Sustainable Biomass Program Limited 2019

Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description	2
2.2	Actions taken to promote certification amongst feedstock supplier	4
2.3	Final harvest sampling programme	4
2.4	Flow diagram of feedstock inputs showing feedstock type [optional]	5
2.5	Quantification of the Supply Base	5
3	Requirement for a Supply Base Evaluation	7
4	Supply Base Evaluation	8
5	Supply Base Evaluation Process	9
6	Stakeholder Consultation	10
7	Overview of Initial Assessment of Risk	11
8	Supplier Verification Programme	12
9	Mitigation Measures	13
10	Detailed Findings for Indicators	14
11	Review of Report	15
11.1	Peer review	15
11.2	Public or additional reviews	15
12	Approval of Report	16
13	Updates	17
13.1	Significant changes in the Supply Base	17
13.2	Effectiveness of previous mitigation measures	17
13.3	New risk ratings and mitigation measures	17
13.4	Actual figures for feedstock over the previous 12 months	17
13.5	Projected figures for feedstock over the next 12 months	17

1 Overview

Producer name: Stora Enso Wood Products / OOO Setново / Nebolchi Mill
Producer location: Gagarina 1, 174755 Nebolchi, Lyubitinsky district, Novgorod Region, Russia
Geographic position: Lat E/W 32 degrees 12'57.5 minutes, Long N/S 58 degrees 50'51.8 minutes
Primary contact: Irina Vasilyeva, Tel. + 7 81668 65101, irina.vasilyeva@storaenso.com
Company website: <https://www.storaenso.com>
Date report finalised: 26/Sep/2019
Close of last CB audit: 27/Sep/2019
Name of CB: DNV GL Business Assurance Finland Oy Ab
Translations from English: Translated to Russian
SBP Standard(s) used: SBP Standard 2, SBP Standard 4, SBP Standard 5; version 1.0
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>
SBP Endorsed Regional Risk Assessment: not applicable.
Weblink to SBE on Company website: not applicable.

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Pellet production	Pellet production is based on sawmill residues only (shavings, sawdust). Primary feedstock is not used. Recycled or treated materials are not used.
Russia	
Regional context of sourcing	<p>Sawmill residues are used for pellet production.</p> <p>The sawmill's wood sourcing area is the North-West Region, including the Regions:</p> <ul style="list-style-type: none"> • Vologda, • Novgorod, • Leningrad, • Tver, • Kirov, • Kostroma, • Arkhangelsk, • Pskov, • Karelia Republic <p>The share of Nebolchi pellet raw material from total supply base harvesting is 0,13%.</p> <p>All land in supply base area is owned by Russian Federation, no private forest ownership.</p>
Supplier base	<p>71 % of the input feedstock is eligible as SBP Compliant feedstock, and the rest is eligible as SBP Controlled Feedstock. Non-controlled feedstocks are not used.</p> <p>Rough wood is sourced from Stora Enso Wood Supply Russia. In addition, sawmill residues can be sourced from two validated external sawmills.</p> <p>All inputs are FSC certified or FSC Controlled Wood.</p>
Forest base and forest management practices	<p>North-West Russia is represented by semi-natural managed forests with native tree species as well as Kirov, Kostroma and Tver regions.</p> <p>Tree species that Stora Enso sawmills use are Pine (<i>Pinus sylvestris</i>) and Spruce (<i>Picea abies</i>). Other species (including <i>Betula sp</i>, <i>Larix</i>, <i>Populus</i>, <i>Alnus</i>, <i>Salix</i>) are also present in the forests.</p> <p>No CITES listed forest tree species are represented in the sourcing.</p> <p>The total forest area of Leningrad, Vologda, Novgorod, Arkhangelsk, Pskov, Kirov, Kostroma, Tver and Karelia Republic is 83,87 million hectares. The average annual harvesting volume represents 0.3 % of the annual growth of the forests, while the net annual increment of forests is 1.3 m³/ha/year. The missing infrastructure leaves large parts of the forests beyond economic access.</p>

	<p>The forest conservation network in the European Russia is relatively well defined, strictly protected areas being approximately 5 % of the forest area, and exceeding 10% of the forest area if different partly or temporarily protected and restricted areas are included.</p> <p>Stora Enso has a policy in Russia since 1990's not to source wood from designated natural old-growth forests, from conservation areas unless in line with the conservation programme, or from areas designated for conservation planning. In addition, high conservation values of forests are protected in the managed forests.</p> <p>All Stora Enso's forest lease areas are managed in line with FSC Forest Management certification.</p> <p>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. In Russia, 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.</p>
<p>FM certification</p>	<p>Approximately 71 % of the supplying forest base is FSC® (C125195) Forest Management certified.</p> <p>All Stora Enso managed forest lease areas are FSC Forest Management certified (0.4 million hectares in North-West Russia).</p> <p>Stora Enso runs an FSC groups certification also for its suppliers to promote the growth of the forest certified area. The Stora Enso driven FSC certification groups have certified all together about one million hectares of forests in the North-West Russia.</p> <p>1-5 % of the forest base is PEFC Forest Management certified.</p>
<p>Supply chain certification (Chain of Custody)</p>	<p>All Stora Enso's wood sources are covered by the Stora Enso wood traceability system, which is third party certified according to FSC Chain of Custody/Controlled Wood.</p> <p>Nebolchi pellet mill and the integrated sawmill hold FSC Chain of Custody/Controlled Wood certificate (DNV-COC/CW-001077) and PEFC Chain of Custody certificate (169333-2014-AE-FIN-FINAS).</p> <p>All wood sourcing is done in line with</p>

	<ul style="list-style-type: none"> • Stora Enso policy for the sustainable sourcing of wood and fibre, and land management, • Stora Enso Supplier Code of Conduct, • National and international laws • FSC Controlled Wood and PEFC Due Diligence requirements.
Risk assessment	<p>FSC National Risk Assessment used includes risks assessed for legality, High Conservation Values of forests, GMOs, indigenous peoples, and forest conversion is available at https://www.globalforestregistry.org</p> <p>Wood origin countries/regions, suppliers and their supply chains are risk assessed in line with the FSC Chain of Custody/Controlled Wood and PEFC Chain of Custody/Due Diligence rules. Other than low risk supply chains are included in the annual supplier auditing programme.</p> <p>SBP National risk assessment is not available for Russia.</p>
Supply chain type	<p>Stora Enso operated forest management and forest logging makes approximately one half of the wood sourcing. The rest of the logging is operated by the suppliers.</p>

2.2 Actions taken to promote certification amongst feedstock supplier

Stora Enso has forest management certified all **the lands that are managed or owned, or partly owned by Stora Enso**. Most of the lands are certified according to FSC Forest Management systems.

In Russia, this covers 0.4 million hectares of long term forest lease areas, where Stora Enso operates forest management, forest harvesting and transport of wood. These are FSC certified.

For the external wood suppliers, Stora Enso Wood Supply Russia runs forest management certification groups. In Russia, this has resulted additional 0.9 million hectares of FSC certified forests which are managed by the external suppliers.

2.3 Final harvest sampling programme

Only sawmill residues are used for pellet production. No primary feedstock is used.

The wood procurement for Stora Enso’s mills has a solid task to source wood in a responsible way, from sustainably managed forests, and to optimize the value of all wood that is made available for industrial use. Value optimization is important to all forest owners.

In wood harvesting, the value output of each tree stem is measured and optimized with automation-assisted measuring and cutting of each tree stem. In the harvesting machines, automatized systems measure each tree stem and optimize the yield of the high-value sawn wood and fibre wood. Logging residues such as branches and tree tops are used for direct energy generation.

In the sawmill manufacturing, the output of high-value sawn wood is optimized through automatized measuring and cutting. Only barks and residues of manufacturing are used for energy generation and/or pellet production.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

See annexed diagrams for each mill concerned.

2.5 Quantification of the 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. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- i. List all species in primary feedstock, including scientific name: N/A
- j. Volume of primary feedstock from primary forest: N/A
- k. List percentage of primary feedstock from primary forest (j), 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
- l. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

- 80-100% sawdust**
- 0-19% sawmill residues**.

m. Volume of tertiary feedstock: specify origin and composition: N/A.

** Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.*

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	<input checked="" type="checkbox"/>

According to the “SBP Framework Standard 2: Verification of SBP compliant Feedstock” 8.2: feedstock types (only SBP-approved CoC System or SBP-approved Controlled Feedstock claim material is used) used for pellet production in Nebolchi may be excluded from a Supply Base Evaluation.

4 Supply Base Evaluation

Not applicable, SBE not needed.

5 Supply Base Evaluation Process

Not applicable, SBE not needed.

6 Stakeholder Consultation

Not applicable, SBE not needed.

7 Overview of Initial Assessment of Risk

N/A

8 Supplier Verification Programme

N/A

9 Mitigation Measures

N/A

10 Detailed Findings for Indicators

N/A

11 Review of Report

11.1 Peer review

No peer review of the report.

11.2 Public or additional reviews

No additional reviews.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Irina Vasilyeva</i> 	<i>SBP Manager, OOO Setnovo</i>	<i>19.06.2019</i>
	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:	<i>Mikhail Polin</i> 	<i>Mill Manager, OOO Setnovo</i>	<i>19.06.2019</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

The first approved and verified version was published in June 2016. The second approved version for verification was done 31 May 2017 the third 19 June 2018. This report is updated dated 26.09.2019.

13.1 Significant changes in the Supply Base

No any significant change to the supply base.

13.2 Effectiveness of previous mitigation measures

N/A.

13.3 New risk ratings and mitigation measures

Not applicable, SBE not needed.

13.4 Actual figures for feedstock over the previous 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

Band 1: 0-200.000 tonnes of feedstock.

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.

13.5 Projected figures for feedstock over the next 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

Band 1: 0-200.000 tonnes of feedstock.

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.

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³