

# SBP

Sustainable Biomass Partnership

## DNV GL Business Assurance Finland Oy Ab Evaluation of Stora Enso Eesti AS Imavere Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

[www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)



## Completed in accordance with the CB Public Summary Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see [www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)*

### *Document history*

*Version 1.0: published 26 March 2015*

*© Copyright The Sustainable Biomass Partnership Limited 2015*

# Contents

<b>1</b>	<b>Overview</b> .....	<b>1</b>
<b>2</b>	<b>Scope of the evaluation and SBP certificate</b> .....	<b>2</b>
<b>3</b>	<b>Specific objective</b> .....	<b>3</b>
<b>4</b>	<b>SBP Standards utilised</b> .....	<b>4</b>
4.1	SBP Standards utilised .....	4
4.2	SBP-endorsed Regional Risk Assessment .....	4
<b>5</b>	<b>Description of Biomass Producer, Supply Base and Forest Management</b> .....	<b>5</b>
5.1	Description of Biomass Producer .....	5
5.2	Description of Biomass Producer’s Supply Base .....	5
5.3	Detailed description of Supply Base .....	6
5.4	Chain of Custody system .....	6
<b>6</b>	<b>Evaluation process</b> .....	<b>7</b>
6.1	Timing of evaluation activities .....	7
6.2	Description of evaluation activities .....	7
6.3	Process for consultation with stakeholders .....	7
<b>7</b>	<b>Results</b> .....	<b>8</b>
7.1	Main strengths and weaknesses .....	8
7.2	Rigour of Supply Base Evaluation .....	8
7.3	Compilation of data on Greenhouse Gas emissions .....	8
7.4	Competency of involved personnel .....	8
7.5	Stakeholder feedback .....	8
7.6	Preconditions .....	8
<b>8</b>	<b>Review of Biomass Producer’s Risk Assessments</b> .....	<b>9</b>
<b>9</b>	<b>Review of Biomass Producer’s mitigation measures</b> .....	<b>10</b>
<b>10</b>	<b>Non-conformities and observations</b> .....	<b>11</b>
<b>11</b>	<b>Certification decision</b> .....	<b>12</b>
<b>12</b>	<b>Surveillance updates</b> .....	<b>13</b>

# 1 Overview

CB Name and contact: DNV GL Business Assurance Finland Oy Ab,  
 Martti Kuusinen ([martti.kuusinen@dnvgl.com](mailto:martti.kuusinen@dnvgl.com))

Primary contact for SBP: Martti Kuusinen ([martti.kuusinen@dnvgl.com](mailto:martti.kuusinen@dnvgl.com))

Report completion date: 04/Jul/2017

Report authors: Martti Kuusinen

Certificate Holder: Stora Enso Imavere Mill (Stora Enso Division Wood Products)

Producer contact for SBP: Janar Nõmmik, Janar.Nommik@storaenso.com, Stora Enso Imavere Mill,  
 72401 Imavere, Estonia, tel. +372 38 49 301

Certified Supply Base: N/A

SBP Certificate Code: SBP-05-02

Date of certificate issue: 08/Aug/2016

Date of certificate expiry: 07/Aug/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	<b>X</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Scope of the evaluation and SBP certificate

Production of wood pellets, for use in energy production at Imavere and transportation to the ports in Europe.

The scope of the certificate does not include Supply Base Evaluation.

Although certain harbours in Europe have been presented as post-production endpoints in Document 5A, the handling and warehousing in these ports is under the responsibility of the buyer and there is no risk of mixing.

### 3 Specific objective

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

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

The SBP system implemented by the applicant was assessed against the following SBP standards:

- Standard 2: Verification of SBP-compliant feedstock (Version 1.0, March 2015)
- Standard 4: Chain of Custody(Standard version: 1.0, March 2015)
- Standard 5: Collection and Communication of Data (Standard version: 1.0, March 2015)

The latest versions of SBP standards are available at:

<http://www.sustainablebiomasspartnership.org/documents/standards-documents/standards>

### 4.2 SBP-endorsed Regional Risk Assessment

At the time of the audit, only draft versions of Regional Risk Assessments were available for the Baltic Countries (Estonia, Latvia and Lithuania) which are all included in the supply base. However, as all feedstock supplies are claimed either with FSC or PEFC claims and no Supply Base Evaluation is involved, regional risk assessment processes are not relevant.

## 5 Description of Biomass Producer, Supply Base and Forest Management

### 5.1 Description of Biomass Producer

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

The raw material of the pellets originates mostly from the Imavere saw mill, including a planning unit and a beam factory. The saw dust and shavings are conveyed between the units through a pipeline, while minor amounts of residues are transported from other mills by trucks. The saw mill sources its logs and lumber exclusively from PEFC or FSC certified sources within the supply base.

### 5.2 Description of Biomass Producer's Supply Base

The raw material to the saw mill is sourced from the supply Base consisting of the following countries and districts:

- Estonia
- Finland
- Sweden
- Latvia
- Lithuania
- Poland
- North-Western Russia: Republic of Karelia, and the Regions of Leningrad, Vologda, Novgorod and Pskov.

Most of the feedstock is supplied as logs and minor part as lumber or byproducts. Stora Enso has own wood supply units in each of the countries under the supply base. In addition, a part of the timber is procured to the production site by certified external suppliers.

Forest management practices are based on the country specific forestry laws, forestry guidelines, and forest management planning practices. Even-aged forestry is the dominant method. The forest rotation period is 60-100 years, containing mostly 2 to 3 thinnings, a final harvesting and regeneration of a mature stand. Planting or natural seeding can be used in regeneration. Recently, un-even-aged forestry has become more popular and the normative limitations have been defined in the national legislations for example Latvia and Finland.

There is great variation in terms of ownership within the supply base. In Finland, more than 60 % of the forest area is owned by private persons whereas in Russia, basically all wood is supplied from state forests leased by companies such as Stora Enso.

## 5.3 Detailed description of Supply Base

Total volume of Feedstock: *Band 1: 0-200 000 tonnes in 2016. 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 applicable competition law rules (Article 101 of the Treaty on the Functioning of the European Union and equivalent national competition law rules) as well as Stora Enso's internal policy guidelines, the answer is therefore published in a consolidated format.*

Volume of primary feedstock: No primary feedstock used, the pellet production is based on residues only

Volume of secondary feedstock: *Band 1: 0-200 000 tonnes in 2016. 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 applicable competition law rules (Article 101 of the Treaty on the Functioning of the European Union and equivalent national competition law rules) as well as Stora Enso's internal policy guidelines, the answer is therefore published in a consolidated format.*

Volume of tertiary feedstock: No recycled materials used.

## 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. All feedstock is sourced to the pellet production unit through the FSC CoC system of the sawmill which covers 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 can be verified. The invoices contain correct SBP claims based on the FSC status (compliant/controlled).

## 6 Evaluation process

### 6.1 Timing of evaluation activities

<b>Activity</b>	<b>Date</b>	<b>Location</b>	<b>Persons involved</b>	<b>Duration</b>
<i>Document review</i>	<i>8 December 2015</i>	<i>DNV Office</i>	<i>Lead Auditor</i>	<i>1 man-day</i>
<i>Pre-assessment</i>	<i>9 December 2015</i>	<i>Stora Enso Office, Liivalaia 13, Tallinn</i>	<i>Mill Manager, SBP responsible</i>	<i>0,5 man-days</i>
<i>Stakeholder consultation</i>	<i>17 December 2015, 15 and 18 January 2016</i>	<i>DNV Offices at Espoo and Tallinn</i>	<i>Lead Auditor, Local expert</i>	<i>1 man-day</i>
<i>Site audit</i>	<i>19 January 2016</i>	<i>Imavere Mill</i>	<i>Mill Manager, SBP responsible, CoC responsible, Purchase manager</i>	<i>1 man-day</i>
<i>Report writing, assessment of corrective actions</i>	<i>February-June 2016</i>	<i>DNV Office</i>	<i>Lead auditor, Technical reviewer, Certification</i>	<i>1 man-day</i>

### 6.2 Description of evaluation activities

The pre-assessment was done simultaneously for the Stora Enso pellet mills in Imavere and Näpi. It consisted of document review and interviews regarding the management system descriptions, calculations and invoicing arrangements. The assessment resulted with three Major Non-conformities and two minors.

The on-site audit contained document reviews, record reviews, interviews of responsible personnel, calculation verifications, site inspection and reverse tracking of a timber batch. Critical control points included verification of raw material category (SBP Compliant vrs. SBP Controlled) and checking the credit account calculation table thoroughly.

The onsite audit took place in the Imavere mill facility. During the audit process, it was revealed that a portion of the pellets are stored in the Port of Paldiski and in a terminal at Tallinn. There was no credit account for these two sites, although there is a risk of mixing the compliant and controlled outputs. Paldiski and the terminal will be audited in the first periodical audit, to be executed 2017. See Minor NC in the list of findings.

### 6.3 Process for consultation with stakeholders

A general email enquiry was sent to a total of 23 Estonian stakeholder organizations on 17 December 2015. The group of stakeholders was based on the list provided by FSC Estonia, SBP Draft Regional Risk Assessment stakeholders and some local organisations from the Imavere region. In addition, four organisations chosen as most relevant stakeholders were contacted by phone on 15-18 January 2016.

## 7 Results

### 7.1 Main strengths and weaknesses

The pre-assessment revealed several fundamental nonconformities in the system, e.g. total omission of training of invoicing personnel and procedures for SBP credit account management. All of these were closed in the main assessment. As the supply base contains only certified inputs, the SBP system is rather simple in terms of risk management and the forest end overall. There is also proven competency and long experience of CoC management in the Stora Enso divisional management, and also on local level in Imavere. As presented in the List of Findings, most of the minor non-complying issues relate to the GHG profiling procedures and GHG data compilation.

### 7.2 Rigour of Supply Base Evaluation

N/A

### 7.3 Compilation of data on Greenhouse Gas emissions

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, but some details in the data contents and channels of information do not meet the requirements (see list of findings).

### 7.4 Competency of involved personnel

The personnel responsible for the system on the Stora Enso divisional management as well as on Imavere unit level have a long experience of FSC Chain of Custody System management. In the Imavere SBP system context, this can be seen as a primary asset. The knowledge relating to GHG data profiling procedures is on a somewhat lower level, but the nonconformities against the Document 5A requirements were seen to be only minor category issues.

### 7.5 Stakeholder feedback

The stakeholder consultation resulted with positive feedback. No issues challenging the compliance with SBP requirements were raised. The fact that only certified (or FSC controlled) inputs are used and no SBE is involved, has likely diminished the criticism provided by the NGO's and other stakeholders. No actions were seen to be necessary by the CB, as a result of the consultation.

### 7.6 Preconditions

No preconditions were issued.

## 8 Review of Biomass Producer's Risk Assessments

N/A

## 9 Review of Biomass Producer's mitigation measures

N/A

## 10 Non-conformities and observations

No Major non-conformities were issued.

Minor Non-conformities (to be closed within 12 months after the audit):

- (1) The justification for not conducting Supply Base Evaluation does not correspond the requirements of the standard.(Ref. SBP Standard 2, Clause 8.2)*
- (2) In the documentation, the procedure for maintaining and updating the conversion factors for the calculations has not been defined and no such mechanism exists in practice. Justification for this could not be provided. (Ref. SBP Standard 4, Clause 5.3.1)*
- (3) In the account calculation template, the accounts for the harbours listed in document 5A (Muuga, Kunda and Bekkeri) were missing. (Ref. SBP Standard 4, Clause 5.3.3)*
- (4) The company has provided their target level (8%) for the average moisture level of pellets in 2014. The actual moisture content based on monitoring records was 7,1 % (Ref. Document 5A / 4.4.1)*
- (5) Diesel fuel and/or power consumed in storing and handling of the biomass has not been reported (Ref. Document 5A / 5.2).*
- (6) Forest management practices applied within the supply base have not been described (Ref. Document 5A / 6.1).*
- (7) The batch specific coding system does not include identification of post-production end-points (Ref. Document 5A / 2.1.1).*

Observations:

- (1) The people responsible for SBP were not aware of the requirement to publish the Supply Base Report also on local language.(Ref. SBP Standard 2, Clause 2C/2.1)*
- (2) The number of suppliers for each product group is missing from the SBR.(Ref. SBP Standard 2, Clause 7.3)*
- (3) The person responsible for the SBP account calculations has not been documented. (Ref. SBP Standard 2, Clause 15.4)*
- (4) The people responsible for SBP were not aware of the requirement to inform SBP about substantial complaints. This was not documented in the manuals either. (Ref. SBP Standard 2, Clause 20.2)*
- (5) The company has used "Netpas" web service for calculating the distances between harbours instead of AXS Marine (Ref. Document 5A / 5.1.5).*
- (6) The fuel consumption figure for outsourced truck transportation services (45 l / 100km) is an estimate given without justification (Ref. Document 5A / 3.7)*
- (7) The source and justification for the average moisture content figures of bark and chips used for heating boilers were not available and it seems these figures (55% / 55%) were rough estimates (Ref. Document 5A / 4.12.2)*

## 11 Certification decision

DNV GL Personnel involved in the certification process:

- The audit was conducted by Martti Kuusinen, qualified SBP lead auditor.
- The Technical Review was conducted by Karina Seeberg Kitnaes, qualified SBP lead auditor.
- The Certification Decision was made by Technical Manager Kimmo Haarala, acting as the DNV GL Management representative.

Based on the assessment process, it has been shown that the system implemented by the Imavere Mill meets the requirements of the applicable SBP standards and a certificate can therefore be issued.

Date of certification: 08/Aug/2016

Date of expiry of the certificate: 07/Aug/2021

## 12 Surveillance updates

The type and date of the latest surveillance evaluation activity:

*First Periodical Audit (PA1) 19 January 2017.*

Audit team members and roles:

*Martti Kuusinen, Lead Auditor*

*Karina Seeberg Kitnaes, Technical Reviewer*

A brief summary of the sites inspected:

*Imavere Mill and Paldiski harbor and warehouse.*

A description of any significant changes in the SB, mitigation measures or risk ratings:

*Expansion to Belarus, all inputs are still SBP compliant or SBP Controlled Feedstock.*

A description of the actions taken by the certificate holder to correct any non-conformities identified at previous evaluations or subsequently:

*All issued non-conformities were already closed by DNV GL before certification, July 2016. Summary of corrective actions implemented for minor non-conformities issued in Certification Audit (January 2016):*

- (1) Proper justification for not conducting Supply Base Evaluation provided in the Supply Base Report.*
- (2) Manual amended, conversion factors defined for shavings and off-cuts.*
- (3) It turned out that there was no need for credit accounts for Muuga, Kunda and Tallinn as no certified products sale through those terminals.*
- (4) Correct value for pellet moisture provided, based on monitoring data.*
- (5) Diesel consumption figures provided as required.*
- (6) Forest management practices applied within the supply base have been described as required.*
- (7) The system for batch-specific coding established according to the requirements.*

The CB's conclusions as to whether the actions taken constitute full conformity with the requirements of the relevant elements of the applicable SBP Standard and, if not, whether the remaining nonconformities is considered a 'minor' or 'major' non-conformity:

*All NC's were closed before certification, full compliance against the SBP requirements.*

Description of any further non-conformities identified as a result of the surveillance audit:

*During the 1<sup>st</sup> periodical audit, two minor non-conformities were issued:*

- (1) Some of the required contents of the SBR have been excluded or presented as ranges of variation, based on compliance with Competition legislation. It was not justified which legal*

*clauses are the basis for these exclusions. (P1-2-2017-MARTTI-1P30, Ref. SBP Standard 2, clause 7.1)*

- (2) Deficiencies and errors in the SAR data. (P1-4-2017-MARTTI-1P30, Ref, ID 5B, clause 3.1.1)*

*During the 1st periodical audit, two observations were issued:*

- (1) A timber Supplier has informed the BP that it had started sourcing wood from storm damage areas in a new country, which is not included in the defined supply base. In the audit it could, however, be proved that these supplies had not entered the Imavere mill complex. (P1-1-2017-MARTTI-1P30, Ref. SBP Standard 2\_6.3)*
- (2) In the credit account calculation tool, there is a separate SBP account for a warehousing facility. Such site is not included in the scope of the certified SBP system, nor in the definitions of SDI's. (P1-3-2017-MARTTI-1P30, Ref. SBP Standard 4\_5.3.3)*

Updated presentation of stakeholder comments and the results of the evaluation of those comments:

*No complaints or any other feedback received from the stakeholders.*

Statement of new conditions (namely, requirements to correct all identified non- conformities):

*No conditions issued.*

The updated certification decision:

*The Certificate remains valid.*