

SBP

Sustainable Biomass Partnership

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

First Surveillance Audit

www.sbp-cert.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*

Document history

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1 Overview

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Report completion date: 04/Sep/2017

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Certificate Holder: OOO Setново (Nebolchi Mill, Stora Enso Division Wood Products)

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Certified Supply Base: North-West Russia, including the Regions of Republic Karelia, Leningrad, Kostroma, Novgorod, Pskov, Tver and Vologda.

SBP Certificate Code: SBP-05-04

Date of certificate issue: 19/Sep/2016

Date of certificate expiry: 18/Sep/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"/>	X	<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 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 management system of the OOO Setново 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, there was no SBP-endorsed risk assessment available for Russia. However, as all feedstock supplied to Setново is claimed with FSC-claims and no Supply Base Evaluation is involved, regional risk assessment processes are not relevant for this applicant.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

OOO Setnovo 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 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 saw mill, including a planing unit producing shavings for pellets. 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 Biomass Producer's Supply Base

The raw material to the saw mill is sourced from the supply Base consisting of North-Western Russia, including the following regions:

- Leningrad
- Kostroma
- Pskov
- Tver
- Novgorod
- Vologda
- Republic of Karelia.

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

Total volume of Feedstock:	34 269 tons
Volume of primary feedstock:	No primary feedstock used, the pellet production is based on residues only
Volume of secondary feedstock:	34 269 tons
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. The system and certificate 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 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

Activity	Date	Location	Persons involved	Duration
<i>Document review</i>	<i>May 2016</i>	<i>DNV Office</i>	<i>Lead Auditor</i>	<i>1 man-day</i>
<i>Stakeholder consultation</i>	<i>May-June 2016</i>	<i>DNV Office</i>	<i>Lead Auditor, Local technical expert</i>	<i>1 man-day</i>
<i>Site audit</i>	<i>7-8 January 2016</i>	<i>Nebolchi Mill</i>	<i>SBP manager, production manager, CoC responsible, Administration manager, CoC system manager from Stora Enso Division Wood products</i>	<i>2 man-days</i>
<i>Report writing, assessment of corrective actions</i>	<i>June-July 2016</i>	<i>DNV Office</i>	<i>Lead auditor, Technical reviewer, Certification decision maker</i>	<i>1 man-day</i>

6.2 Description of evaluation activities

A pre-assessment was not considered necessary as the mill is under common management with two Estonian SBP certified mills (Näpi and Imavere; Imavere is currently under SBP’s approval process) and the systems are very similar.

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

6.3 Process for consultation with stakeholders

The stakeholder consultation process was conducted four weeks before the audit. An enquiry email was sent to a total of 12 Russian stakeholder organisations. The group of stakeholders was based on the list provided by FSC Russia, complemented with organisation from the energy sector. Five organisations that were considered most relevant were also contacted by phone prior to the audit. The process also involved a visit to the local forestry authority office during the onsite audit.

7 Results

7.1 Main strengths and weaknesses

Even though the audit process did not include pre-assessment, the company's SBP system was found to be well prepared and mostly compliant to the requirements, and Stora Enso had clearly learnt their lesson from the previous SBP audits to the other pellet mills.

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 Nebolchi.

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, only the measurement routine for the moisture content of the boiler fuel needs to be clarified (see observation in the 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 Nebolchi unit level have a long experience of FSC Chain of Custody System management. In the Nebolchi 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, however no significant issues indicating non-conformities with reference to the SBP requirements were revealed during the audit.

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

One major non-conformity was issued as a result of the audit, which was closed based on the corrective actions provided by the applicant.

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

One (1) Major non-conformity was issued, to be closed prior to certification:

1. The credit account calculations for SBP compliant pellets do not function correctly. The recorded input volumes are bigger than what they have been in real life (Ref. SBP Standard 4, Clause 5.3)

One (1) Minor Non-conformity was issued:

1. Minor errors and insufficiencies in the Supply Base Report:
 - There is no description of the scale of Stora Enso's harvesting operations compared to other forest based industries within the supply base.
 - The information regarding forest management certification in the supply base was not correctly presented under 2.2.
 - Description of forest ownership in the region missing from Chapter 2.1.
(Ref. SBP Standard 2, Clause 7.3)

One (1) Observation was issued:

1. There is a new procedure for measuring the moisture content of the biomass used for heating the boiler. There is significant variation in the first measurement results (28...76 %) even between measurements that were made on a same day. Furthermore, the average level seems remarkably higher than what has been reported in Doc 5A. Based on these facts, it is not clear whether this procedure provides reliable results. (Ref. Document 5A, section 4.12.4)

11 Certification decision

DNV GL Personnel involved in the certification process:

- The audit was conducted by Martti Kuusinen, qualified SBP lead auditor.
- The audit team included Nastassia Sokolova, Ph.D., acting as a local technical expert and translator.
- 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.

OOO Setnovo has provided adequate corrective actions and supporting evidence to close the Major Non-conformity on 21 June 2016. Based on the assessment process, it has been shown that the management system implemented by the Nebolchi Mill meets the requirements of the applicable SBP standards and a certificate can therefore be issued.

Date of certification: 19 September 2016

Date of expiry of the certificate: 18 September 2021

12 Surveillance updates

12.1 Evaluation details

First Periodical Audit (PA1) 22 June 2017.

Audit team members and roles:

Martti Kuusinen, Lead Auditor

Nastassia Sokolova, Technical Expert

Karina Seeberg Kitnaes, Technical Reviewer

A brief summary of the sites inspected:

Nebolchi Mill.

12.2 Significant changes

Since the 1st surveillance audit, the Supply Base has been expanded to Tver oblast and Kostroma oblast, all inputs are still SBP compliant or SBP Controlled Feedstock.

12.3 Follow-up on outstanding non-conformities

All issued non-conformities were already closed by DNV GL before certification, September 2016.

Summary of corrective actions implemented for Major non-conformities issued in Certification Audit (June 2016):

- (1) Calculation tool checked, the identified error has been fixed and the calculations are correct now.

Summary of corrective actions implemented for Minor non-conformities issued in Certification Audit (June 2016):

- (1) Updated SBR version checked, required amendments have been added.

12.4 New non-conformities

During the 1st periodical audit, four minor non-conformities were issued:

- (1) There is no full-covering mechanism for ensuring that the place of harvesting is located in the defined supply base.. (Ref. SBP Standard 2, clause 6.3)
- (2) The BP does not have an arrangement to record the place of harvesting for the external saw dust suppliers. (Ref. SBP Standard 2, clause 6.2)

- (3) The supporting evidence was missing for diesel consumption figures for the handling of feedstock. (Ref. SBP Standard 5, ID 5 B_5.1.3)
- (4) Minor errors and inconsistencies in the SAR data (Ref. SBP Standard 5, ID 5 B_3.1.1)

12.5 Stakeholder feedback

No complaints or any other feedback received from the stakeholders.

12.6 Conditions for continuing certification

No conditions issued.

12.7 Certification recommendation

The Certificate remains valid.