

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

Third Surveillance Audit

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

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

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1 Overview

CB Name and contact:	DNVGL Business Assurance Finland Oy Ab
Primary contact for SBP:	Jyrki Sopanen, jyrki.sopanen@dnvgl.com
Current report completion date:	04/Jul/2019
Report authors:	Karina Seeberg Kitnaes
Name of the Company:	Stora Enso Eesti AS Imavere Mill
Company contact for SBP:	Janar Nõmmik, Janar.Nommik@storaenso.com, Stora Enso Imavere Mill, 72401 Imavere, Estonia, tel. +372 38 49 301
Certified Supply Base:	Estonia, Finland, Sweden, Latvia, Lithuania, Poland, Belarus, Norway and North-western Russia: Republic of Karelia, and Leningrad, Vologda, Novgorod and Pskov regions.
SBP Certificate Code:	SBP-05-02
Date of certificate issue:	08/Aug/2016
Date of certificate expiry:	07/Aug/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope

Production of wood pellets, for use in energy production and transportation to ports in Europe. The scope of the certificate does not include Supply Base Evaluation.

The supply base includes sub-scopes of Estonia, Finland, Sweden, Latvia, Lithuania, Poland, Belarus, Norway and North-western Russia: Republic of Karelia, and Leningrad, Vologda, Novgorod and Pskov regions.

Introduction

The raw material of the pellets originates mostly from the Imavere mill complex, including a planning unit and a beam factory. The sawdust, offcuts, chips and shavings are conveyed from the mill production units to the pellet production through a pipeline, while minor amounts of residues are transported from other mills by trucks. The sawmill sources its logs and lumber exclusively from PEFC or FSC certified and controlled sources within the supply base: Estonia, Finland, Sweden, Latvia, Lithuania, Poland, Belarus, Norway and Northwestern Russia: Republic of Karelia, and Leningrad, Vologda, Novgorod and Pskov regions.

Although the transportation of the pellets are to ports in Europe, the post-production endpoints are only either storage at Imavere Mill or storage at port in Estonia, since the handling and warehousing at these endpoints is under the responsibility of the buyer and there is no risk of mixing.

3 Specific objective

The specific objective of this evaluation (Third Surveillance Audit) was to confirm that the Biomass Producer's management system 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, since all feedstock supplies are received either with FSC or PEFC claims and no Supply Base Evaluation is involved.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Stora Enso Eesti A/S Imavere is a sawmill 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 mill complex, including a planning unit and a beam factory. The sawdust, offcuts, chips and shavings are conveyed from the mill production units to the pellet production through a pipeline, while minor amounts of residues are transported from other mills by trucks. The sawmill sources its logs and lumber exclusively from PEFC or FSC certified and controlled sources within the supply base.

5.2 Description of Company's Supply Base

The raw material to the sawmill is sourced from the supply Base consisting of the following sub-scopes of countries and districts:

- Estonia, Finland, Sweden, Latvia, Lithuania, Poland, Belarus, Norway and North-western Russia: Republic of Karelia, and Leningrad, Vologda, Novgorod and Pskov regions.

The sub-scopes of the supply base are described in further details in the BPs SBP supply base report.

The feedstock is supplied as logs and minor part as lumber or by-products. Stora Enso has own wood supply units in each of the countries under the supply base, which as part of their FSC and PEFC certifications implement DDS controlled wood procedures and thereby provides the mill units with controlled wood if not certified.

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.

Imavere Mill only receives FSC Mix Credit, 100% PEFC certified and FSC Controlled Wood from the Stora Enso Wood Supply unit from all sub-scopes of the supply base.

5.3 Detailed description of Supply Base

Supply Base

- a. Total Supply Base area (ha): 70 mill. ha in Europe, 70 mill. ha in NW Russia or Belarus
- b. Tenure by type (ha): See country descriptions
- c. Forest by type (ha): 70 mill. boreal (central / southern) and mixed forests zone
- d. Forest by management type (ha): 70 mill. ha managed semi-natural forests with natural species
- e. Certified forest by scheme (ha): Ca. 35 mill ha of the supply area is FM certified.

Feedstock

- f. Total volume of Feedstock: Band 1: 0-200.000 tonnes in 2018.
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.
- g. Volume of primary feedstock: NA. No primary feedstock used,
- h. Volume of primary feedstock from primary forest - NA
- i. Volume of secondary feedstock: Band 5 (100% sawmill residues).
Banding of feedstock and production figures is used to avoid any potential noncompliance with the competition laws (justifications as above 2.5 g.).
- j. Volume of tertiary feedstock: N/A. No recycled materials used.

5.4 Chain of Custody system

All feedstock sourced is covered by Stora Enso's own wood traceability system by the Stora Enso Wood Supply unit, which is third party certified according to PEFC Chain of Custody and FSC Chain of Custody/Controlled Wood. The Imavere Mill Complex applies the FSC credit system and the PEFC percentage volume credit systems.

All feedstock is sourced to the pellet production unit through the FSC and PEFC COC system of the sawmill complex, which covers pellets as a product group. All inputs to the pellet production are secondary feedstock from the main sawn wood productions and include wood industry residues (sawdust, offcuts, chips and shavings).

There is a common volume credit account management and calculation tool for the Imavere mill complex, where the SBP compliant inputs and outputs can be clearly verified.

The inputs are verified by purchase documentation with clear FSC and/or PEFC certification codes of the supplier and the inputs FSC and/or PEFC claims.

The sales invoices contain correct FSC claims if outputs are sold as FSC Mix Credit and correct SBP claims if outputs are sold as SBP-compliant biomass, the sold outputs are then deducted from the volume credit account and only sold if there is sufficient credit available of wood pellets.

6 Evaluation process

6.1 Timing of evaluation activities

June/July 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.

July, 4th 2019): SBP On-site office audit (location: Imavere Mill Complex, Estonia). On-Site audit, office, pellet production line and storage facilities), performed by the Lead Auditor and representatives of the BP, i.e. the SBP responsible and manager. Duration: 1 person-day.

July 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 in Imavere.

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 on Imavere Mill complex 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 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.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number SBP5-PA3-2019-02	NC Grading: Observation
Standard & Requirement:	SBP STD. 5, Instruction Document 5B, 3.1.1
Description of Non-conformance and Related Evidence:	
The data in the ID5B SAR report was correctly calculated. This was cross-checked with behind laying data calculations in own system. However, the BP had for the audit updated the SAR report in the same old format as previously used and not used the latest version of the template from the SBP website. During the audit, the BP downloaded the correct version and immediately after the audit, the BP submitted the SAR report in correct version. This observation is raised to remind the BP that it is a SBP requirement to update the ID5B SAR report in the latest version of the template available from the SBP website.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number SBP5-PA3-2019-03	NC Grading: Minor
Standard & Requirement:	SBP STD. 5, Instruction Document 5B, 5.1.2-5.1.3
Description of Non-conformance and Related Evidence:	
During the audit, it was identified that the diesel consumption of the BPs own loader, which is used at all loading operation at the mill has not been recorded. The loader is moving shavings and offcuts although rather limited. The BP has not operated any data recordings and calculations for this loader, although an estimate has been included in the ID5B report revised immediately after the audit. The BP was not able to justify the data and methodology used for reporting energy use of the mobile loader at own pellet mill facilities.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

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/Jul/2019
Other comments:	Based on the Third Periodic Surveillance assessment 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.