



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

Fourth Surveillance Audit

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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

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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: 09/Jul/2020

Close of last CB audit: 18/Sep/2020

Name of CB: DNV GL Business Assurance Finland Oy Ab

Translations from English: [No]

SBP Standard(s) used: Standard 2, 4, 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"/>	<input type="checkbox"/>	X

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. The sawmill's wood sourcing area is the North-West Region and Central Region, including:</p> <ul style="list-style-type: none"> • Novgorod • Vologda • Leningrad • Tver • The Republic of Karelia • Kostroma • Pskov • Nizhniy Novgorod <p>The share of Nebolchi pellet raw material from total supply base harvesting is 0,17%.</p> <p>All land in supply base area is owned by Russian Federation, no private forest ownership.</p>
	Forest base and forest management practices	<p>North-West Russia, Kostroma, Tver and Nizhniy Novgorod regions are represented by semi-natural managed forests with native tree species.</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</i> sp, <i>Larix</i>, <i>Populus</i>, <i>Alnus</i>, <i>Salix</i>) are also present in the forests.</p> <p>No CITES or IUCN listed forest tree species are represented in the sourcing. All CITES and IUCN listed species are protected by legislation e.g protection areas and are excluded from commercial forests. The regional Red Books of Russia list those species of plants and animals, which are under a threat of distinction or which shall be treated with special care in the regions concerned. In FM certified areas additionally experts are involved doing field work, based on what additional set aside areas settled.</p> <p>The total forest area of Leningrad, Vologda, Novgorod, Pskov, Kostroma, Tver, Republic of Karelia and Nizhniy Novgorod is 41,93 million hectares. The average annual harvesting volume represents 0,4% of the annual growth of the forests, while the net annual increment of forests is 2,7 m³/ha/year. The missing infrastructure leaves large parts of the forests beyond economic access.</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.</p>
Supplier base	<p>All inputs are FSC certified or FSC Controlled Wood.</p> <p>31% of the input feedstock is eligible as SBP compliant secondary feedstock, and the rest is eligible as SBP controlled secondary feedstock. Non-controlled feedstocks are not used.</p> <p>Rough wood for sawmilling is sourced from Stora Enso Wood Supply Russia (1). In addition to own by-products, minor share of SBP compliant sawmill residues can be sourced from external sawmills (1).</p>
FM certification	<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 group 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>
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>
Supply chain certification (Chain of Custody)	<p>All wood sources are covered by the Stora Enso wood traceability system, which is third party certified according to PEFC Chain of Custody and 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>Nebolchi pellet mill uses only sawmill residues: SBP-compliant Secondary Feedstock. The share of FSC Mix Credit certified logs input to the sawmill was about 31% and all purchased sawdust was FSC 100%.</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.

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**.

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 the pellet production, which requires an A1 category feedstock (sawdust). No primary feedstock is used for pellet production. All tree assortments are allocated from wood supply to their highest possible value uses. For a sawmill, sawlogs originate typically 80% from final fellings of the forests, and 20% from the second silvicultural thinnings of mid-aged forests. From a harvested log, sawn wood yield is some 50%, sawdust 20% and pulp chips 30%.

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 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 at some mills.

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]

Flow diagram is a separate document.

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): cumulative area of all forest types within SB
87 million ha in Leningrad, Kostroma, Nizhniy Novgorod, Novgorod, Pskov, Republic of Karelia, Tver and Vologda.
- b. Tenure by type (ha): privately owned/public/community concession
Sole state ownership. Long-term lease to forestry enterprises.
- c. Forest by type (ha): boreal/temperate/tropical
Boreal (south and central)
- d. Forest by management type (ha): plantation/managed natural/natural
Semi-natural managed forests, domestic species
- e. Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest)
Over one half of the sawmill supply base is FM certified, including Stora Enso's forest lease areas (0,4 million hectares and suppliers' forest lease areas (0,9 million hectares), which are FSC certified.

Feedstock

- f. Total volume of Feedstock: tonnes or m³ - volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided*
0-200.000 tonnes **
- g. Volume of primary feedstock: tonnes or m³ - volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided*
No primary feedstock, pellet production is based on residues
- h. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme
 - Not certified to an SBP-approved Forest Management SchemeNo primary feedstock
- i. List all species in primary feedstock, including scientific name
No primary feedstock
- j. Volume of primary feedstock from primary forest
No primary feedstock
- 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
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management SchemeNo primary feedstock

- I. 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*.

In 2019 wood origins from Russia, regions of Leningrad, Kostroma, Nizhniy Novgorod, Novgorod, Pskov, Republic of Karelia, Tver and Vologda.

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

- m. Volume of tertiary feedstock: specify origin and composition - 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*.

No recycled materials used.

- * *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.

*** 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. SBP standard 2, 7 Supply Base Report, 7.1 Commercially sensitive and confidential information may be excluded from the SBR.*

3 Requirement for a Supply Base Evaluation

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

Only only SBP-approved CoC System or SBP-approved Controlled Feedstock claim material is used for pellet production in Nebolchi so Supply Base Evaluation is excluded. 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 may be excluded from a Supply Base Evaluation.

4 Supply Base Evaluation

Not applicable, SBE not needed.

4.1 Scope

N/A.

4.2 Justification

N/A.

4.3 Results of Risk Assessment

N/A.

4.4 Results of Supplier Verification Programme

N/A.

4.5 Conclusion

N/A.

5 Supply Base Evaluation Process

Not applicable, SBE not needed.

6 Stakeholder Consultation

Not applicable, SBE not needed.

6.1 Response to stakeholder comments

N/A

7 Overview of Initial Assessment of Risk

Not applicable, SBE not needed.

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

N/A. SBE not needed

The supplier and supply chain risk assessments and country risk assessment are done according to FSC Chain of Custody/Controlled Wood/PEFC. When SBP country risk assessment is available, that is applied.

All the supply to the mill is from certified forests or from controlled sources. Consequently, no supplier auditing programme required. However, a supplier auditing could be triggered with special circumstances: Initial audit of a supplier, stakeholder complaint or supplier performance failure.

8.2 Site visits

N/A.

8.3 Conclusions from the Supplier Verification Programme

N/A.

9 Mitigation Measures

9.1 Mitigation measures

N/A.

9.2 Monitoring and outcomes

N/A.

10 Detailed Findings for Indicators

N/A.

11 Review of Report

11.1 Peer review

No peer review done.

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 Setново</i>	<i>[09.07.2020]</i>
	Name	Title	Date
<p>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.</p>			
Report approved by:	<i>Mikhail Polin</i>	<i>Mill Manager, OOO Setново</i>	<i>[09.07.2020]</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

The first approved and verified version was published in June 2016. The 2nd approved version for verification was done 31.5.2017, the 3rd 19.6.2018, 4th 19.6.2019. This is the fifth update dated 19.06.2020.

13.1 Significant changes in the Supply Base

Provide a description of any significant changes to the supply base.

No any significant change to the supply base.

13.2 Effectiveness of previous mitigation measures

For each mitigation measure identified during the evaluation, give a detailed account of whether the measures were shown to be effective or not.

13.3 New risk ratings and mitigation measures

Provide an update of risk ratings for all relevant Indicators.

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**

0-200.000 tonnes **

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**

0-200.000 tonnes **

- * *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

*** Banding of feedstock and production figures is used (13.4 and 13.5) 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.*