Sustainable Biomass Partnership

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

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

Document history

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Contents

1 Overview

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Certified Supply Base: N/A

SBP Certificate Code: SBP-05-01

Date of certificate issue: 04/Jul/2016

Date of certificate expiry: 03/Jul/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**
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

Production of wood pellets, for use in energy production at Näpi and transportation to the port of Paldiski.

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 Näpi 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

Näpi 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 Näpi, the saw, planing and pellet operations are managed by the mill manager and operational management staff.

The raw material of the pellets originates solely from the Näpi saw mill. The saw dust and shavings are conveyed between the units through a pipeline. 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 Estonia, Finland, Sweden, Russia, Latvia and Lithuania. Most of the feedstock is supplied as logs and minor part as lumber. 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 (for example The Estonian State Forests).

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 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 Stora Enso.

5.3 Detailed description of Supply Base

Total volume of Feedstock:	11 678 tons
Volume of primary feedstock:	No primary feedstock, pellet production is based solely on residues
Volume of secondary feedstock:	11 678 ton output of pellets (moisture 7,54 %)
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 from the Näpi saw mill complex through a pipeline, 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

Activity	*Date*	*Location*	*Persons involved*	*Duration*
Pre-assessment	*7 December 2015*	*Stora Enso Office, Liivalaia 13, Tallinn*	*Mill Manager, SBP responsible*	*0,5 man-days*
Site audit	*19 January 2016*	*Näpi Mill*	*Mill Manager, SBP responsible, CoC responsible, Purchase manager*	*1 man-day*

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.

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 Näpi region. In addition, four organisations chosen as most relevant stakeholders were contacted by phone on 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 Näpi. 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 saw dust and shavings from the saw mill, 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 Näpi unit level have a long experience of FSC Chain of Custody System management. In the Näpi 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 account calculation template, the accounts for the harbours listed in document 5A (Paldiski, Cagliari, Catania, Napoli, Gioa Tauro) were missing.(Ref. SBP Standard 4, clause 5.3.3)

(3) Diesel fuel and/or power consumed in storing and handling of the biomass has not been reported (Ref. Document 5A / 5.2).

(4) Forest management practices applied within the supply base have not been described (Ref. Document 5A / 6.1)

(5) The batch specific coding system does not include identification of post-production end-points (Ref. Document 5A / 2.1.1).

(6) At the time of the audit, no justification for the average moisture content of the raw material (shavings) was available. There is no procedure for the measuring (Ref. Document 5A / 4.2.4).

(7) The supply invoices from the Planing Unit do not contain FSC/PEFC claims eventhough some of them have been inserted as SBP compliant inputs on the SBP credit account.(Ref. SBP Standard 5, clause 5.2.2)

Observations:

(1) The number of suppliers for each product group is missing from the Supply Base Report.(Ref. SBP Standard 2, Clause 7.3)

(2) The person responsible for the SBP account calculations has not been documented. (Ref. SBP Standard 2, Clause 15.4)

(3) The distances between delivery harbours are different from the figures given by the AXS Marine service during the audit (Ref. Document 5A / 5.1.5)

(4) Based on the data available, the average truck load of pellets was 28 tons instead of 27 tons stated in 5A (Ref. SBP Standard 5, clause 5.1)

(5) PEFC FM certified forests are not included in the share of the forests certified under SBP approved FM certification schemes within the supply base (only FSC FM). (Ref. Document 5A / 6.1)

11 Certification decision

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

Date of certification: 04/Jul/2016

Date of expiry of the certificate: 03/Jul/2021

12 Surveillance updates

N/A