

DNV GL Business
Assurance Finland Oy Ab
Evaluation of Stora Enso
Timber AS, Gruvön Mill
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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1 Overview

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Report completion date: 24/May/2017

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Certificate Holder: Stora Enso Timber AB, Gruvön Mill (Stora Enso Division Wood Products)

Producer contact for SBP: Stefan Olsson, email: stefan.olsson@storaenso.com

Certified Supply Base: Sweden and Norway

SBP Certificate Code: SBP-05-09

Date of certificate issue: 07/Aug/2017

Date of certificate expiry: 06/Aug/2022

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 at Gruvön and shipping to the ports in Europe.

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 Gruvön 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, there are no SBP-endorsed risk assessments available for the countries included in the supply base (Sweden and Norway). 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 for this applicant.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Gruvön is a large scale saw mill with integrated pellet mill operating under the ownership of Stora Enso Timber AB, which is an affiliate to Stora Enso Division Wood Products. The Divisional top management unit is located in Helsinki, Finland. The divisional management provides support and centralized tools for common management systems, including SBP and Chain of Custody systems. At the local context of Gruvön, the saw, planing and pellet operations are managed by the mill manager and operational management staff.

The saw mill sources its logs and lumber exclusively from PEFC and FSC certified sources within the supply base. Stora Enso has a national wood supply company in Sweden, Stora Enso Skog AB, which procures all rough wood to the company saw mills. The raw material of the pellet production unit originates mostly from the Gruvön saw mill and planing unit. Also dried chips from off-cuts are used. After debarking, sawing, chipping and planing, the saw dust and shavings are transported to the pellet mill with conveyors.

A minor portion of saw industry residues are transported from external suppliers by trucks. These external sawmills are also FSC Chain of Custody certified sources.

The pelletising process is basically ongoing 24/7 throughout the year, except for short maintenance breaks. There is an external warehouse located close to the mill. SBP certified pellets are transported to clients either with trucks, or by vessels from the port located next to the mill (lake Vänern).

5.2 Description of Biomass Producer's Supply Base

The rough wood is sourced from Sweden and Norway to the supplier saw mills. All logs supplied to the Gruvön sawmill are procured by Stora Enso Skog AB. From the pellet mill's point of view, both internal (Gruvön sawmill and planing unit) and external suppliers are FSC and PEFC certified for Chain of Custody management systems.

Forest management practices in the supply base are based on forestry laws, forestry guidelines, and forest management planning practices. The Forestry Acts regulate how the forests shall be managed in both production and environmental terms and possesses an obligation to replant forest after felling. Even-aged forestry is the dominant method in both countries. For example, in Norway, clear-cutting and seed tree stand felling comprise up to 85 % of the total regeneration harvesting area. Continuous cover forestry, such as shelterwood fellings, small-scale clear-cuttings, selective harvesting and mountainous forest applications comprise less than 15 % of the total Norwegian harvesting area. 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.

In Sweden, approximately half of the country's forests are owned by private persons. Forest companies own approximately 30%. Correspondingly, private woodland owners comprise 77 % of the Norwegian forests, the state has the share of 14 % and companies the share of 9 %.

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 and PEFC Chain of Custody/DDS. The systems cover pellets as a product group. All material supplied to the mill is either FSC or PEFC certified feedstock.

There is a common credit account management and calculation tool for the whole integrated mill, where the SBP inputs and outputs can be verified. Based on the verified sales invoice template and procedures, the organization is prepared to establish correct SBP claims in the sales invoices.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Date	Location	Persons involved	Duration
<i>Stakeholder consultation</i>	<i>27 December 2016</i>	<i>DNV GL Office</i>	<i>Lead Auditor</i>	<i>0,5 man-day</i>
<i>Document review</i>	<i>Week 5, 2017</i>	<i>DNV GL Office</i>	<i>Lead Auditor</i>	<i>0,5 man-day</i>
<i>On-Site audit</i>	<i>8-9 February 2017</i>	<i>Gruvön Mill</i>	<i>Mill Manager, SBP responsible (Division Wood Products), CoC responsible, Management system responsible (Division Wood Products), Lead Auditor</i>	<i>1,5 man-days</i>
<i>Report writing, assessment of corrective actions, technical review, issuing the certificate</i>	<i>February-March 2017</i>	<i>DNV GL Office</i>	<i>Lead auditor, Technical reviewer, Certification decision maker</i>	<i>1 man-day</i>

6.2 Description of evaluation activities

The onsite audit took place in the Gruvön integrated mill and the external warehousing facility. The on-site audit contained document reviewing, record reviewing, interviews of responsible personnel, calculation verifications and site inspection with verification of numerous data sources. 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

An email enquiry was sent to a total of 21 Swedish stakeholder recipients on 27 December 2016. The group of stakeholders consisted of forestry authorities, environmental authorities, environmental and recreational NGO's, labor organizations and municipality authorities. Only one stakeholder replied to the enquiry and there were overall no negative concerns whatsoever raised by external parties in the course of the assessment.

7 Results

7.1 Main strengths and weaknesses

As the feedstock flow contains only double certified (FSC and PEFC) and controlled inputs, the SBP system is rather simple in terms of Chain of Custody management. The risk of non-eligible inputs entering the system is very low. Persons responsible for the various procedures relating to SBP are experienced in the business. In the pellet mill, there are very sophisticated systems for GHG data acquisition and new routines and meters are to be installed.

As presented in the List of Findings, most of the minor non-complying issues relate to the GHG profiling procedures and GHG data compilation. This is partly because the SAR template is a totally new document.

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 and 5B 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 Gruvön unit level have a long experience of FSC Chain of Custody System management. In the Gruvön SBP system context, this can be seen as a primary asset. There is also a very proven experience involved with pellet production processed and their development, along with energy efficiency aspects.

7.5 Stakeholder feedback

Only one stakeholder replied to the enquiry and there were overall no negative concerns whatsoever raised by external parties in the course of the assessment. The Gruvön mill has also a system for handling feedback, for the purposes of FSC and ISO 14001, from the stakeholders but no complaints have been received for several years.

7.6 Preconditions

Two major non-conformities were issued (see section 10 below). These findings shall be closed prior to certification.

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

Major non-conformities (these non-conformities are likely to impact upon the integrity of the affected SBP-certified products, therefore necessary to be closed before certification):

- (1) There is only one credit account for the whole system. The external storage is located 3 km from the mill, so it shall be considered as a separate site and there shall be a separate credit account for it. (IA-1-2017-MARTTI-1149, Ref. SBP Standard 4, Clause 5.3.3)
- (2) Errors and inconsistencies in the SAR data: Feedstock ID missing for one feedstock group; Inconsistent values given for the moisture content, diesel consumption and truck transport distances given; False conversion of oil; Illustration map missing for transport route. (IA-6-2017-MARTTI-1149, Ref. SBP Standard 5_ID 5B_3.1.1)

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

- (1) There is no system in place for ensuring that the feedstock coming from the two external sawdust suppliers originates from the defined supply base. (IA-2-2017-MARTTI-1149, Ref. SBP Standard 2_6.3).
- (2) Minor errors and inconsistencies in the Supply Base Report (IA-4-2017-MARTTI-1149, Ref. SBP Standard 2_7.3)
- (3) Only a summary of the Supply Base Report has been prepared in Swedish, not the whole English version has been translated. (IA-5-2017-MARTTI-1149, Ref. SBP Standard 2_2C_2.1)
- (4) There is no separate Section C provided for each and every SDI in the SAR document. (IA-8-2017-MARTTI-1149, Ref. SBP Standard 5_5B_6.1.1)
- (5) In the SAR document, the information for Storage, handling and trans-shipment is missing. (IA-9-2017-MARTTI-1149, Ref. SBP Standard 5_5B_6.2.1)
- (6) During the reporting period some of the trucks carrying pellets have been running 100% with biodiesel. However, there has also been other trucks using traditional fossil diesel. In the SAR document, all consumption has been reported as biodiesel. (IA-10-2017-MARTTI-1149, Ref. SBP Standard 5_5B_6.1.5)

Observations:

- (1) The responsibilities and procedure descriptions for recording the DTS transactions have not been written in the SBP manual. This information was, however, found in the training materials. (IA-3-2017-MARTTI-1149, Ref. SBP Standard 2_15.3 and 15.4)
- (2) For the external supplies of sawdust, a simple average transport distance between Gruvön and the supplying mills has been provided. It is unlikely that the simple average distance corresponds to the actual road transport distance. (IA-7-2017-MARTTI-1149, Ref. SBP Standard 5_ID 5B_3.1.1)

- (3) In the 5C document, the company name is "Stora Enso Timber AB" without Gruvön mill. This may cause confusion in the future, as there is another pellet mill owned by the same company. (IA-11-2017-MARTTI-1I49, Ref. SBP Standard 5_5C_2.1.1)

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 Gruvön Mill meets the requirements of the applicable SBP standards. The evidence shows that corrective actions to the identified major non-compliances have been well targeted and implemented and the certificate can therefore be issued.

Date of certification: 7 August 2017

Date of expiry of the certificate: 6 August 2022

12 Surveillance updates

N/A