



NEPCon OÜ Evaluation of Svir Pellets LLC Compliance with the SBP Framework: Public Summary Report

Fourth Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

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1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Mikhail Rai
Audit team members:	Mikhail Rai
Name of the Company:	Svir Pellets LLC
Company legal address:	34 Fizkulturnaya street, 187780 Podporozhye, Leningrad region, Russia
Company contact for SBP:	Alexander Gorshkov
Company contact email:	sm@svirpellets.com
Company website:	http://svirpellets.com
SBP Certificate Code:	SBP-01-36
Date of certificate issue:	05 Dec 2017
Date of certificate expiry:	04 Dec 2022
Audit closing meeting date:	13 Oct 2021
Audit cycle:	Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Primary, Secondary	☐
Feedstock origin (countries):	Russia	☐
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: NC-COC-023945	☐
	Transfer	☐

2.1 Description of the company

Svir Pellets LLC is a primary (sawmilling) and secondary (biomass producer) processor located in the Leningrad region, Russia. The main activity is a pellet production and it has been commissioned in March 2009. The total annual production capacity of the pellet mill is 50000 tones. The BP purchases roundwood, slab, wood chips and sawdust from different suppliers located in Leningrad, Vologda, Arkhangelsk, Tver, Pskov, Novgorod regions, the Republic of Karelia. Sawlogs are initially processed at the sawmill and then the residues are used to produce wood pellets. Pulpwood and firewood are chipped and used at the pellet production and for heating. To produce SBP-compliant biomass the BP uses mainly sawdust from certified suppliers and residues from in-house sawmilling of certified sawlogs. Also, roundwood from certified suppliers could be used. Conifer species are mostly used for pellet production. Some part of the conifer species and all deciduous species are used for heating.

2.2 Detailed description of the Chain of Custody system

The BP holds a valid FSC CoC certificate <https://info.fsc.org/details.php?id=a023300000WW1YLAA1&type=certificate> covering the primary processing, which includes round wood sawmilling and chipping, and secondary processing (pellet production). To produce SBP-compliant biomass the BP uses secondary feedstock received with an FSC Mix Credit claim from 2 certified suppliers, and residues from in-house sawmill, after processing roundwood received with an FSC 100% claim from the neighbouring FME. Transfer system of claims is used for pellet production. The BP downgrade an FSC output claim. All pellets have an FSC Mix Credit claim. The BP also produces non-certified pellets. Physical and temporal segregation procedures are implemented to prevent the mixing of certified and non-certified materials. See also NCR 01/21. The CFs are calculated based on the data on the number of shovels of feedstock and biofuel delivered to the pellet mill, as well as the mass of the produced pellets. Volumes of shovels are based on measurements taken in March 2021 and have been adjusted to reflect actual production results. The weight of the pellets is recorded at the stage of packaging. Actual figures were taken from March 2021 due to the gaps in accounting and registration systems in 2020

and the beginning of 2021. Relevant non-conformances were raised during previous surveillance audit and then corrective measures were made by the BP. The approach implemented by the BP as of current audit date considered as sufficient to reflect the most available and verifiable data. Please see also details in the SAR.

3 Specific objective

The specific objective of this evaluation 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.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion factors;
- GHG data collection analysis and assessment of compliance with ID 5E ver. 1.5;
- DTS records and sales.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
1. Preparation	Mikhail Rai	3,5
2. On-site (excl. travel time)	Mikhail Rai	12,5
3. Report writing	Mikhail Rai	18,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	BP's office	Mikhail Rai	11 Oct 2021/09:00
<i>H&S brief training to the auditor. H&S responsible interview</i>	BP's office	Mikhail Rai	11 Oct 2021/09:15
<i>Production site visit</i>	Production site	Mikhail Rai	11 Oct 2021/09:30
<i>SAR. GHG data initial evaluation</i>	BP's office	Mikhail Rai	11 Oct 2021/10:45

<i>SBR</i>	BP's office	Mikhail Rai	11 Oct 2021/13:15
<i>FSC CoC CCP. Segregation procedures</i>	Production site	Mikhail Rai	11 Oct 2021/14:30
<i>GHG data evaluation. Staff interview</i>	BP's office	Mikhail Rai	13 Oct 2021/09:00
<i>Closing meeting</i>	BP's office	Mikhail Rai	13 Oct 2021/14:00

Auditor qualification		
Auditor name	Role	Qualification
Mikhail Rai	Audit team leader	Preferred by Nature SBP lead auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with several SBP assessments and annual audits in Russia and Belarus.

4.2 Description of evaluation activities

The audit was carried out alongside the FSC and CoC annual audit and split to 2 days.

The evaluation was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the audit evaluation:

All SBP related documentation connected to the SBP as well as the FSC CoC system of the Organization, including SBP Procedure, SAR and GHG data calculations, Supply Base Report, and FSC system description was provided by the company prior to the audit and during it. The audit started with an opening meeting attended by the BP management staff.

During the opening meeting, the audit team leader introduced himself, provided information about the audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology, and clarified the certification scope. The audit team leader explained CB's accreditation related issues.

After that during the production site roundtrip and office inspection the auditor went through all applicable requirements of the SBP standards № 2, 4, 5 and instruction document 5e covering input clarification, an existing chain of custody system, CoC Critical Control Points (feedstock acceptance, inputs identification and claims, control system, conversion factors, and sales) management system, recordkeeping/mass balance requirements, emission and energy data and categorization of input and verification of SBP-compliant biomass. During the process, the overall responsible person for the SBP system and other staff were interviewed.

At the end of the audit, findings were summarized, and preliminary audit conclusions based on the use of 3 angle evaluation method were provided to the BP's management and SBP responsible person.

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4.3 Sampling methodology

When preparing to the audit and during on-site work a sampling has been implemented, based on the following criteria:

- A review of documentation related to energy and carbon data is implemented for the chosen periods to compare summary data per month, collected for SAR, and correctness of its calculation based on data per each day or per each shift.
- For evaluation of DTS, input and output trade and transport documentation, and the correctness of claims a sampling of different kinds of documents for the reporting period is implemented (e.g. waybills, invoices, bills of landing, etc.).
- Sampling is based on a risk approach, taking into account the following:
 - o Changes in a management system;
 - o Standards requirements update;
 - o Staff changes;
 - Market development;
 - o Most and less productive periods; etc.
- In case when data is collected once per month (e.g. invoices from external supplier of services), 100% sampling of documents is implemented.
- Production facilities inspection, as well as interviews with staff, are mandatorily conducted during every audit. The focus is a key staff responsible for the management of processes at a particular department or site. Nevertheless, interviews with staff intimately conducting a certain activity are conducted, since credibility and relevance of the collected data or physical segregation (if applicable) depends on their knowledge.

4.4 CB stakeholder engagement

Not applicable.

4.5 Stakeholder feedback

Not applicable.

5 Results

5.1 Main strengths and weaknesses

Strengths:

- use of the FSC transfer system;
- small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

- gaps in recordkeeping system (see also NCR 01/21, 02/21 closed);
- certified and non-certified feedstock is sourced;
- insufficient segregation procedures (see also NCR 01/21 closed).

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production (including chipping of the primary feedstock delivered onsite for non-certified pellets); diesel for feedstock delivery and handling; diesel and petrol for biomass handling and shipping; diesel for biomass transportation to customer. Diesel and petrol consumption value by loaders and trucks is based on actual refuelling data obtained in accountancy; electricity consumption by pellet plant (including staffrooms) is based on readings obtained from installed electric meters. Electricity for office is not included since it related to the affiliated forest management company.

For the burner, the BP uses only biofuels.

A majority of consumption data is based on actual measurements and on invoices from external suppliers. For more accurate calculations the BP used data for the production of certified and non-certified pellets.

5.4 Competency of involved personnel

Overall, BP staff showed a good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved in SBP certification:

- Director General (appointment of responsible staff);
- Sales manager / SBP responsible (chain of custody, SBP procedures and systems updates, registration of outputs, DTS, sales, electricity consumption, fuel consumption, anti-bribery policy and code of conduct,

EUTR requirements and DDS implementation, complaints, SBR and feedstock origin, SAR, SREG (if applicable), trademark, trade and tax legislation)

- Head of the pellet mill (registration of inputs and outputs, moisture measurements, fuel consumption, conversion factor updates)

- Supervisor (registration of inputs, moisture measurements)

- Operator at the dryer (moisture measurements)

- Separate H&S responsible (H&S implementation)

Also, the BP shared responsibilities between staff intimately involved in pellet production. The Director General can substitute the SBP responsible when necessary.

See also NCR 01/21 closed.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Not applicable.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000710 (01/19)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	3.3.2 The characteristics of biomass shall be able to be traced back to the characteristics and quantities of incoming feedstock, taking into account the applicable conversion factors
Description of Non-conformance and Related Evidence:	
2019 The organization provided a detailed calculation of the conversion factor for wood chips and sawdust. However, the Organization did not pedagogically calculate the conversion factor for the production of pellets from round timber (from waste from its own sawmilling). The organization intends to use this in the next period, so the discrepancy is Minor. 2020 The BP cannot provide sufficient information to trace the characteristic of biomass back to the characteristics and quantities of incoming feedstock. The BP provided the following methodology for calculating the conversion factor for the production of pellets from roundwood: $M_{wp} = W_{fw} \cdot CF \cdot M_o$, where M_{wp} – mass of wood pellets; W_{fw} – mass of fresh roundwood; CF – the conversion factor (established as 1,8); M_o – loses of moisture when drying (established as 0,75). According to the explanations, provided by the BP, M_o may vary between 0,67-0,75. It depends on the wood characteristics. The established conversion factor CF is based on the mass balance formula $(100 - M_o_{biomass}) / (100 - M_o_{initial})$ taking into account the average moisture of the feedstock established as 49% and moisture of the wood pellets established as 8-10%. As per the BP, it uses the inverse theoretical calculation to estimate a mass of the feedstock using the formula provided above. According to the provided SAR, the BP used 22743,35 tons of feedstock to produce 15904,826 tons of wood pellets. A mass balance with this data is 1,43. Thus, the difference in the theoretical calculation, used by the BP and the data, provided in the SAR is about 21%. The BP has not provided more explanation about the difference in the provided data and methodology used. Taking into account the findings above major NCR has been raised.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Comments from the BP's representative; Excel sheet with calculations (in Russian); Photo evidence of a shovel volume measurement; Moisture and other pellets characteristics log; Moisture Analyzer Operating Instructions; Updated SAR.
Findings for Evaluation of Evidence:	The BP has analyzed the root cause of the NCR. As per BP, a major reason was inconsistency between departments (accounting, production, management) and different approach in inputs registration. Prior to and during the CVA the BP carried out the following activities: - comparison of engineering calculation and actual volume measurements made by the head of the pellet mill; - verification that the moisture analyzer measures relative moisture by default and confirmation that relative moisture had been used to calculate average moisture value; - measurement of the shovel. During the reporting period, established in the SAR the BP used both an engineering calculation and actual measurements in number of shovels. An established volume of the shovel was 3,5 bulk cubic meters. In 2021 the BP measured the shovel and the volume was established as 4 bulk

	cubic meters. Relevant pictures and calculations have been provided by the BP. Also the BP has provided evidence, that the moisture analyzer measures relative moisture. Based on the new established volume of the shovel, established converting factors from bulk to solid cubic meters, species composition and other relevant information actual feedstock consumption and theoretically calculated feedstock consumption for one of the day was compared. The difference is about 1,5 %. Thus, an updated methodology is considered as sufficient to trace characteristics and quantities of incoming feedstock. The BP also updated the figures in the SAR based on data, provided by the head of the pellet mill. Now the most available data is provided. According to the SAR the BP used 25 574,34 tons of feedstock to produce 15 904,83 tons of pellets. Based on that figures the real production exceeds the theoretical one on 12,2 %. The figures can not be updated more due to the limits in the accountancy database. Thus, the following aspects have been considered by the CB: - the BP included all possible feedstock (certified and non-certified) in the SAR; - the BP has demonstrated response to the root cause of the issue; - the BP has carried out additional measurements and verifications to establish most recent values for the next reporting periods; - the BP started to implement the new approach since March 2021. Despite the data in the SAR is not accurate, the BP has collected as much information as possible to provide the most realistic figures. It is also considered that according to the current data, the feedstock may have been underestimated by about 12% (during the reporting period the shovel capacity used was 3,5 m3 bulk, but regarding actual measurements, real capacity is 4 m3), this shovel estimation justify the 12% difference between theoretical and real production. Taking into account the findings above, it is considered that the BP has undertaken sufficient measures to close the NCR.
NC Status:	Closed

NC number NC-000711 (01/20)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	5 Supply Base
Description of Non-conformance and Related Evidence:	
The defined supply base does not include all possible regions of harvesting. Verification at the public Russian State Database of Roundwood Deals https://lesegais.ru/open-area/ showed that Saw woodworking plant №2 LLC has such suppliers as Karjala Pulp LLC and Avstrofor LLC. According to the public summary reports, available on the FSC website https://info.fsc.org/, these companies have included in their supply base regions different from declared 3 in the SBR. Thus, the information, provided in the SBR is not accurate. Also, the supplier provided a Declaration of Origin, where regions and place of harvesting is not indicated. The BP does not collect any information except the Declaration, to record the	

place of harvesting. Thus, the place of harvesting is not known to the BP.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Comments from the BP's representative; Declaration of the supplier; Forest lease contracts; Forest declarations; Standing timber purchase contracts.
Findings for Evaluation of Evidence:	The BP has analyzed the reasons for non-conformance. As per BP, a major reason is not correct and complete understanding of the standard requirement. The BP has applied to the supplier with request to provide additional information on the possible supply base. The supplier has provided an expanded and the most recent declaration with a detailed description of possible regions and places of harvesting. Additionally the BP collected additional information, i.e. forest lease contracts, forest declarations, standing timber purchase contracts to confirm the place of harvesting is within the defined supply base. The updated information shows, that initially the defined SB was correct. Actions undertaken by the BP is sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000712 (04/20)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	3.1.4 Each Legal Owner shall operate a Management System to ensure that data recorded are compliant with the requirements specified in this Instruction Document (5E).
Description of Non-conformance and Related Evidence:	
The BP used actual measurements in a number of shovels to calculate the amount of feedstock used in the burner as biofuels. As explained by the Head of the pellet mill, the relevant staff calculates a number of shovels and multiplies it by 3,5 bulk m3. Based on the daily logs, the summary volume of the feedstock per most of the days is not divided by 3,5 without remainder. According to the accountancy data, a volume of feedstock used for the burner was two times lower, than the volume, provided by the Head of the pellet mill. The BP explained that this fact could be connected with incorrectness of the established rates of the biofuels consumption (0,5-0,8 bulk m3 to produce 1 ton of pellets, depending on the year period). During the audit the BP has issued an order to write off the balances to even out actual volume and the volume accepted in accountancy. Furthermore, the updated data has been provided in the SAR. The total volume of the feedstock used at the burner is valid, based on the data, provided by the Head of the pellet mill (actual measurements), but a share of each type of feedstock used for heating (roundwood, slab, wood chips and sawdust) was not justified. Due to the findings above a major NCR has been raised.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Comments from the BP's representative; Excel sheet with calculations (in Russian); Accountancy data; Updated SAR.

Findings for Evaluation of Evidence:	The BP has analyzed the root cause of the NCR. As per BP, a major reason was inconsistency between departments (accounting, production, management) and different approach in inputs registration. As mentioned in the NCR description above, during the audit the BP has issued an order to write off the balances to even out actual volume and the volume accepted in accountancy. The BP has analyzed possible types of feedstock used in the dryer and states the following. Basic types of feedstock used as a biofuel are chipped roundwood and wood chips of deciduous species. Also, when there is lack of the feedstock of deciduous species sawdust could be used as a biofuel. A share principle is the following: 1. the BP burns all wood chips of deciduous species; 2. the BP burns 3,9% of sawdust in comparison to the total mass of biofuel (based on the sampling data of biofuel consumption for December 2019 and May 2020); 3. the BP writes off chipped roundwood from the supplier with low volume of supplies, since all of the feedstock has been burned; 4. the BP writes off deciduous roundwood (chipped) by the residual principle. The BP intends to use a new approach based on actual measurements in the next reporting periods. See also NCR 01/19. Despite the data in the SAR is not accurate, the BP has collected as much information as possible to provide the most realistic figures. Taking into account the findings above, it is considered that the BP has undertaken sufficient measures to close the NCR.
NC Status:	Closed

NC number NC-000869 (01/21)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
Based on the results of the audit, it was found that the storage system for purchased and own sawmill waste (sawdust, chips) and processed low-grade wood (chips) does not allow to segregate certified and non-certified material from each other when large volumes of raw materials are stored. According to Section 2.1.1 of the FSC Procedures (see Exhibit 2), "Before the start of deliveries of FSC certified forest products, the Deputy Production Manager must prepare a warehouse for FSC certified forest products, i.e. clean it from non-certified forest products, secure a certain part of the warehouse or the entire warehouse for unloading FSC certified forest products, depending on the volume of purchased FSC	

certified forest products <...> ".Field inspection of pellet production has shown that heaps of certified and non-certified raw materials are kept close to each other on site (see Exhibit 3). Separate storage of materials in the bunkers is also not ensured at the time of the audit, as the volume of raw materials significantly exceeds the maximum capacity of each of the four bunkers (see Exhibit 4). Thus, the BP does not comply with the requirements of the FSC Procedure and the physical segregation of materials. The risks of mixing at the stage of accepting, storing and primary processing of raw materials remain high. The employees of the BP explained that after a temporary suspension (30.09.2021) and the launch of production (from 08.10.2021), non-certified pellets are being produced. This information was confirmed by records on production accounting in the 1C accountancy database. The general director issued an order to suspend the production of certified products until the non-compliance is closed. Also, according to the results of the audit, it was revealed that the primary accounting system used in production does not allow documentary tracking of the supply of certified and non-certified raw materials and linking such data with the release of finished products. According to Sections 2.1.1 and 2.6 of the FSC Procedure, the responsibility for maintaining and storing records shared between the accountant and sales manager. Field inspection of pellet production, interviews with employees of the BP and verification of documentation showed that in the process of registration of records and documentation at various stages of production, managers and employees of the fuel pellet workshop are involved. Employees fill out the forms of production reports for a shift, developed by the BP, which indicate the supply of raw materials ("clean sawdust", "sawdust mix", "chips") and the release of finished products. The indication of the certification status in the forms of production reports is not provided. Verification of production logs, records in 1C and production reports for September 2021 showed that on the days when certified and non-certified pellets were produced, the records in production reports did not differ from each other. "Mix sawdust" and "clean sawdust" were fed into production. The BP's management explained that the classification of sawdust as "mix" and "clean" is not related to certification and reflects the physical properties of the materials. In addition, the management explained that orders for the production of certified pellets are submitted directly by the general director. Further, the production process is monitored by the sales manager and managers of the pellet production. At the same time, there is no documented evidence to track the transition between the production of certified and non-certified granules. Considering that at the time of the audit, the physical separation of materials (sawdust, chips) is not ensured, and documented accounting does not allow tracing the movement of certified and non-certified raw materials, mixing risks cannot be addressed. At the same time, Preferred by Nature takes into account the fact that the BP, after a production suspension (see dates above), produces non-certified products, and further production of certified pellets will be renewed only after the non-conformity would be closed. The non-conformance is classified as major. The timeline for conformance is set at 1 month.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Order without number of 12.10.2021 Video evidence to confirm the movement of feedstocks in stock at the time of the audit to a separate stack Video evidence confirming the arrangement of a separate site for storing certified feedstock (sawdust); Explanations of the BP on changes in the storage and accounting system of feedstock and on changes in the distribution of responsibilities between responsible employees
Findings for Evaluation of Evidence:	The BP analyzed the root cause of the non-conformance. According to the comments of the management of the BP, the root cause resides in the unclear division of responsibility between specialists. In addition, the mixing risks was influenced by the fact that the supply of raw materials increased, and the storage system of purchased and own sawmill residues (sawdust, chips) and processed low-grade wood (chips) did not allow segregating certified and non-certified material from each other with large volumes of raw materials on the site. To address the risks of mixing at the time of the audit and after the completion of the audit, the BP carried out the following actions: 1 Until the non-conformance was closed, the production of certified products was suspended. 2 The remnants of certified feedstock (sawdust) as of 12.10.2021 were reset to zero ("Order without number of 12.10.2021")

	(see Exhibit 7). 3 In the period from the closing meeting date (13.10.2021) to 19.10.2021, the BP provided daily video evidence to confirm the movement of feedstock in the warehouse at the time of the audit to a separate stack. The video evidence also shows the arrangement of a separate site with fences for storing certified feedstock. 4 Changes have been made to the system of allocation of responsibilities between workers responsible for the production of certified products at various stages of production (see the detailed explanation provided by the BP in Exhibit 6). 5 Changes have been made to the documented accounting system to provide transparent control over the entry of feedstock to the site, its transfer to production, and the release of finished products (see the detailed explanation provided by the BP in Exhibit 6). At the stage of writing the Preferred by Nature report, on October 19, 2021, a remote meeting was held with the management and responsible employees of the BP. In the course of additional work, video evidence was analyzed, interviews were conducted with employees of the BPn, and templates of updated documents were checked. According to the results of the interviews, it was confirmed that the responsible employees understand how the updated accounting system for raw materials and finished products will be applied. According to the above, the actions undertaken by the BP are considered to be sufficient to close the non-conformance.
NC Status:	Closed

NC number NC-000870 (02/21)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.5.1 The BP shall operate a management system including logbooks or electronic code/card systems to allocate the use of fossil fuel to processing or transport.
Description of Non-conformance and Related Evidence:	
The BP has not considered diesel consumption by some of trucks delivering feedstock from neighbouring sawmills. Due to an isolated case a minor NCR has been raised.	
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:	Corrected figures of diesel consumption in the SAR. Comments from responsible staff.
Findings for Evaluation of Evidence:	The BP analyzed the root cause of the non-conformance. According to the comments of the management, trucks were not considered since it was used on a timely manner when a truck constantly used for this operation was engaged in other processes. The BP decided to improve recordkeeping and to monitor each vehicle and each operation to collect the most relevant data and to provide it in the SAR. Also, the Bp

	intends using OMNICOmm system to monitor vehicles and diesel consumption. The BP has provided an updated calculation for diesel consumption by trucks in the SAR. The calculation and figures provided in the SAR were verified and confirmed. Considering the above, actions undertaken by the BP are sufficient to close the non-conformance.
NC Status:	Closed

NC number NC-000954 (02/20)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
The provided SBR does not include a comparison of the scale of harvesting compared to other forest-based industries in the region as required by the SBR template. Furthermore, section 2.3 of the SBR includes the following statement: «At the same time, wood harvesting for the purpose of biomass production is not performed in any cases» which is not correct, since the part of the harvested roundwood ends up in biomass.	
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:	An updated SBR available at the SBP Audit Portal. Comments from responsible staff.
Findings for Evaluation of Evidence:	The BP has analyzed the root cause of the non-conformance. As per BP, a root cause is lack of control from responsible staff (SBP responsible and general director). In order to improve documentation general director and SBP responsible implemented double control. Both persons check and monitor relevance of documents. The SBR provided on the SBP Audit Portal meets the requirements. All fields are completed as prescribed in the form. Actions carried out by the BP are sufficient to close the non-conformance.
NC Status:	Closed

NC number NC-000955 (03/20)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock

Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
The SBP Procedure (see Exhibit 2) has a minor gap regarding categories of the FSC feedstock and the output claim. Section 2.6 includes information, that the BP can use FSC 100%, FSC Mix Credit, FSC Controlled Wood, and Controlled material feedstock to produce wood pellets with the FSC Mix Credit Claim. The BP holds a valid FSC CoC certificate and certified against FSC-STD-40-004 and FSC-STD-50-001 standards. Therefore, accepting controlled material is not possible. Furthermore, using the FSC Mix Credit claim is not possible under the transfer system of claims, when accepting FSC Controlled Wood and Controlled Material. Due to the fact that in practice only feedstock with FSC 100% and FSC Mix Credit claim is accepted, and the issue is only related to the gap in the SBP Procedure, minor NCR has been raised.	
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:	SBP Procedure (See Exhibit 1); Comments from responsible staff.
Findings for Evaluation of Evidence:	The BP has analyzed the root cause of the non-conformance. As per BP, a root cause is lack of control from responsible staff (SBP responsible and general director). In order to improve documentation general director and SBP responsible implemented double control. Both persons check and monitor relevance of documents. The BP provided an updated SBP Procedure which reflects the practice implemented in the organization. Actions carried out by the BP are sufficient to close the non-conformance.
NC Status:	Closed

NC number NC-000956 (05/20)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	IN 4B; 1.2 In order to use the SBP trademarks, the organisation shall have signed the SBP trademark licence agreement.
Description of Non-conformance and Related Evidence:	
he BP has used the SBP trademarks the initials "SBP" and the name "Sustainable Biomass Partnership" on the BP's website, but the it was not approved with SBP as required by clause 7.2 of the TMLA.	
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:	Svir Pellets LLC_TMLA_add_DocuSign_16.05.2021 Comments from responsible staff.
Findings for Evaluation of Evidence:	The BP has analyzed the root cause of the non-conformance. As per BP, a root cause is lack of control from responsible staff (SBP

	responsible and general director). In the reporting period the BP signed an electronic TMLA and appointed an HR manager as a trademark responsible person. Interview shoed that the HR manager understands the requirements. In addition, the BP deleted all cases of use of SBP trademark. Actions undertaken by the BP are considered as sufficient to close the non-conformance.
NC Status:	Closed

8 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):	Nikolai Tochilov
Date of decision:	19 Jan 2022
Other comments:	-