NEPCon OÜ Evaluation of Sawmill 25 JSC, Tsiglomen site Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

www.sbp-cert.org

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

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Version 1.5: published 22 October 2020

Table of Contents

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:	Sawmill 25 JSC, Tsiglomen site
Company legal address:	Ul. Sevstroy 3, Arkhangelsk region, 163044 Arkhangelsk, Russia
Company contact for SBP:	Natalya Klyukina
Company contact email:	klyukina.natalya@sawmill25.ru
Company website:	www.sawmill25.ru
SBP Certificate Code:	SBP-07-84
Date of certificate issue:	09 Apr 2020
Date of certificate expiry:	08 Apr 2025

Audit closing meeting date:	10 Dec 2021
Audit cycle:	Second 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:	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:	PEFC, FSC: NC-COC-014261, NC-PEFC/COC-014261	☐
	Credit	☐

2.1 Description of the company

Tsiglomen is one of 3 sites of Sawmill 25 JSC. Sawmill 25 JSC is a primary processor (sawmilling) and a secondary processor (biomass producer) located in the Arkhangelsk region, Russia. The BP holds a valid FSC CoC certificate and uses FSC certified secondary feedstock (sawdust and woodchips) with FSC Mix Credit claim for FSC/SBP certified pellet production. In dryer BP uses bark and residues from sawmilling. All incoming roundwood is covered by the FSC CoC certificate. To produce wood pellets and for heating the BP uses only secondary feedstock, coming from its own primary production (sawmill). For all products, including wood pellets, the FSC credit system is implemented to control FSC claims. Pellets with an FSC Mix Credit claim could be sold as SBP-compliant biomass, with an FSC Controlled Wood claim – as SBP-controlled biomass. The final product may be transported by vessels to different endpoints in Europe, on CIF delivery conditions. Annual production capacity of wood pellets is 60 000 tons.

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC CoC certificate https://info.fsc.org/details.php?id=a0240000005sTvEAAU&type=certificate covering the primary (sawmilling) and secondary (wood working, pellet production) wood processing. Only secondary feedstock (sawdust, wood chips, bark and sawmilling residues) with FSC Mix Credit and FSC Controlled Wood claims will be used for pellet production and FSC credit system of claims is implemented (all pellets will have FSC Mix Credit or FSC Controlled Wood claims respectively). The BP calculates a conversion factor based on actual information on input and output volumes (measurement of the number of front loader buckets and weighing of pellets). There is no invoicing inside the organisation. Instead, the economic and planning department prepares on a monthly basis an internal report on the secondary feedstock inputs to pellet production. It includes a description of the feedstock (sawdust, wood chips, bark, and dust) and the volume of physical input (based actual volume of feedstock used) and the certified status of the material.

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	0,5
2. On-site (excl. travel time)	Mikhail Rai	12,0
3. Report writing	Mikhail Rai	10,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting	BP's office	Mikhail Rai	06 Dec 2021/09:00
H&S brief training to the auditor	BP's office	Mikhail Rai	06 Dec 2021/09:30
Site tour. Staff interniew	Production site	Mikhail Rai	06 Dec 2021/09:45
FSC CoC. Staff interview	BP's office	Mikhail Rai	06 Dec 2021/13:00

Credit account	BP's office	Mikhail Rai	07 Dec 2021/13:00
SAR. GHG Data	BP's office	Mikhail Rai	09 Dec 2021/09:00
SBR	BP's office	Mikhail Rai	10 Dec 2021/09:00
Closing meeting	BP's office	Mikhail Rai	10 Dec 2021/16:30

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 PEFC CoC annual audits and split to 5 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.

Impartiality commitment: Preferred by Nature commits to using impartial auditors and our clients are encouraged to inform Preferred by Nature management if violations of this are noted. Please see our Impartiality Policy here: http://www.preferredbynature.org/impartiality-policy

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 credit system;
- only FSC Mix Credit and FSC Controlled Wood secondary feedstock is sourced;
- non-certified feedstock is not accepted.
- Effective recordkeeping system.
- Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: please see section 7 of this report below (NCRs) and the last annual audit report.

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The following energy sources are used by the BP: electricity for pellet production; diesel for feedstock delivery and handling; diesel for biomass transportation to customer. Diesel consumption value by loaders is based on actual refueling data obtained in accountancy; electricity consumption by pellet plant (including office facilities and staffrooms) is based on readings obtained from installed electric meters.

Also, electricity and heat generated at the BP's biofuel CHP are used at the pellet mill

5.4 Competency of involved personnel

Overall, the BP's staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification:

- BP's management (appointment of SBP responsible, anti-bribery policy and code of conduct, trade and tax legislation, EUTR requirements and DDS implementation);
- SBP responsible person (SBP procedures and systems updates, SAR, SBR, SREG (if applicable), SDIs, complaints);
- Head of export department (credit account, distances, SREG (if applicable), DTS, sales);
- Head of pellet mill (moisture measurements);

- Boiler room manager (biofuel moisture measurements);
- Deputy chief engineer (registration of electricity and biofuel consumption, CHP data collection);
- Head of economic and planning department (registration of inputs and outputs, conversion factor updates, registration of diesel consumption);
- Head of forest products supply department (Chain of custody, SBR);
- Separate H&S responsible (H&S implementation).

Prior to and during SBP assessment, BP was supported by external consultant, who also has provided relevant training to BP staff

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-000841 (01/21)	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 provided SBP Procedure (please see Exhibit 1) includes several gaps and conflicting points: • links to not valid instruction documents (Section 2); • description of the Supply Base does not include one of the regions (Section 3); • description of only one supplier is provided whereas from November 2021 timber could be purchased from several other suppliers (section 7); • requirements related to use of claims within the DTS for Flanders is missing. Furthermore, the SBP Procedure is general for 3 sites (Tsiglomen, Maimaksa 1, and Mimaksa 3) of Sawmill 25, but the SBP Procedure does not include the methodology of calculating the number of shovels of feedstock delivered to the pellet mill at the Tsiglomen site. During the audit it was identified, that number of shovels is multiplied by the correction factor, which is estimated monthly. The BP provided confirmation of the methodology used and justification of implemented correction factors (please see Exhibit 2). Thus, the gap is related only to the SBP Procedure contents. Since the revealed gaps and conflicting point in the documented SBP Procedure does not cause problems in the management system, a minor NCR has been issued.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

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):	Pilar Gorría Serrano
Date of decision:	03 Jan 2022
Other comments:	N/A