

NEPCon Evaluation of SPLG Ltd Compliance with the SBP Framework: Public Summary Report

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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
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Document history

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1 Overview

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Report completion date: 24/Aug/2016

Report authors: Nikolai Tochilov, Valery Magda

Certificate Holder: SPLG LLC

Legal address: building 93, Leningradskaya street, Pargolovo settlement, Saint-Petersburg 194362, Russia

Address of production site: 3, Avtomobilistov street, Tikhvin, Leningrad region, Russia

Producer contact for SBP: Andrey Martynenko, standardization engineer. Mob: +79119220635. Email: tikhvinpellets@mail.ru

Certified Supply Base: Sourcing from Russia, Leningrad, Novgorod and Vologda regions

SBP Certificate Code: SBP-01-39

Date of certificate issue: 03/Oct/2016

Date of certificate expiry: 02/Oct/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

The certificate scope covers the production site and office in Tikhvin, Leningrad region.

The input material used by the BP for biomass production (both as raw material for pellet production and feedstock used into dryer) contains secondary feedstock supplied from local sawmills (sawmill residues, sawdust and bark). Origin of the feedstock is Leningrad, Novgorod and Vologda regions of Russia. Point of sale of the final product is Saint-Petersburg harbour (delivery conditions – truck, FCA, S.Petersburg harbour). In the reporting period all secondary feedstock was delivered without FSC claim, and suppliers were included into BP's own program of field verification of controlled material suppliers against Annex 3 of FSC-STD-40-005. Potentially, in the future a part of secondary feedstock may come with FSC Mix Credit of FSC 100% claim. BP is searching for such suppliers. Non-certified and non-controlled inputs of secondary feedstock are not acceptable.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope				Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents				☐
Primary Activity:	Pellet producer				☐
Input Material Categories:	☐ SBP-Compliant Primary Feedstock		☒ SBP-Compliant Secondary Feedstock		☐
	☒ Controlled Feedstock		☐ SBP non-Compliant Feedstock		
	☐ SBP-Compliant Tertiary biomass	☐ Post-consumer Tertiary Feedstock			
	☐ SBP-approved Recycled Claim	☐ Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	☒ FSC	☐ PEFC	☐ SFI	☐ GGL	☐
	☐ Transfer		☐ Percentage	☒ Credit	☐

Points of sales	☐ Harbour (including own handling of material)	☐ Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbor	☒ Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	☐
Provide name of all points of sales	-	-	S.Petersburg (harbour, FCA)	
Use of SBP claim:	☒ Yes		☐ No	☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk		☐
	New districts approved for SBP-Compliant inputs: SBE not applicable			
Sub-scopes	-			☐
Specify SBP Product Groups added or removed:				
Comments:				

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 coefficients; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction document 5A Collection and Communication of Data version 1.0. March 2015 was utilised for the evaluation as well.

<http://www.sustainablebiomasspartnership.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is relatively small company having legal address in Saint-Petersburg and production site in Tikhvin, Leningrad region, Russia. Total number of staff is 18. Maximum possible production capacity is 15 000 tonnes of pellets / year. Incoming feedstock is sawdust, sawmill residues and bark from neighboring wood processing companies. Final product is transported in big bags by trucks to S.Petersburg harbor. There are no FSC certified suppliers however BP is actively searching for such options. During the reporting period all supplies were non-certified and included into BP's own program of field verification of controlled material sources under FSC certification. There are no non-controlled inputs of the feedstock.

The BP has implemented FSC credit system and produced biomass shall be sold with FSC Mix Credit claim (SBP-compliant biomass) or FSC Controlled Wood claim (SBP-controlled biomass).

5.2 Description of Biomass Producer's Supply Base

The total area of forest land in Russia is 764 million ha, which is approximately 21% of the world's forests. The entire State Forestry is a state property. A small percentage of forests are not part of the State Forestry, and they include urban forests, the forests managed by the Ministry of Defense, the forests of conservation areas and the former forests of rural municipalities (source: www.wwf.ru/data/pub/forests/do_legal-final-web.pdf).

Use of the rated wood cutting all over the country does not exceed 35%. However, the percent of the forest with difficult access is high as the infrastructure of the country is underdeveloped. In fact, most forest areas are not available.

Legal entities obtain forest land for use on a leasehold basis and for a short-term use. Lease is most often used. The lease term ranges from 10 to 49 years. Lease agreements and purchase and sale contracts are concluded plantations at the auctions. By law, the companies involved in forest management are obliged to ensure preservation, protection and restoration of forests.

According to the Forest Code of the Russian Federation, every company taking a forest area on lease shall:

- make a forest management plan
- provide an annual report stating the use, preservation, safety and restoration of forests.

Reforestation of the leased forest areas is planned and implemented by the forest users at their own expense, in accordance with the forest exploitation drafts. When harvesting timber, the species included in the Red Book and their habitats shall be preserved. Felling of the valuable, endangered and protected species of trees is prohibited by law.

Russian timber industry (including forestry, logging and processing of wood) plays an important part in the economy of the country. There are about 60,000 large, medium and small enterprises operating in the timber industry employing about 1 million people.

The area of FSC-certified forests in Russia is about 40 million ha (30% of the total amount of leased forests). Russia ranks second after Canada in the area of certified forests. The first FSC certificates in Russia were issued over a decade ago.

BP's Supply Base

Leningrad Region

As of 01.01.2015, the total area of the Leningrad region forests amounted to 4756.5 thousand ha or 56.7% of its total land area. The Committee on Natural Resources of Leningrad Region is an executive authority of the constituent unit of the Russian Federation for forest relations in Leningrad region. It is responsible for the forests of the State Forestry lands - 4733 thousand ha or 83.3% of the total forest area of the region.

Of the total land area of Leningrad Region (4756.5 thousand ha), the land covered with forest vegetation occupy 4539.4 thousand ha or 80% of the State Forestry land. The lands not covered with forest vegetation occupy 3.3% (193.7 thousand ha) of the State Forestry land. Non-forest lands occupy 17.7% (946.5 thousand ha) of the State Forestry land.

The Leningrad region forests belong to the taiga forest zone, two forest regions:

- Baltic -Belozersk forest region of the taiga zone of the European part of the Russian Federation consisting of the following municipal districts: Boksitogorsk, Volosovo, Volkhov, Vsevolozhsk, Vyborg, Gatchina, Kirov, Lodeinopolsk, Lomonosov, Podporozhsk, Priozersk, Tikhvin, Tosno districts;
- South taiga forest region of the European part of the Russian Federation consisting of the following municipal districts: Kingisepp, Kirishi, Luga, Slantsy districts

The lands of the state forestry of Leningrad region include 19 forest districts with 277 district forestry departments under the jurisdiction of the Committee on Natural Resources of Leningrad Region.

All forests and the land provided for forestry, regardless of the departmental affiliation of forestry managing subjects, make up the forest fund of Leningrad region, which is part of the forest fund of the Russian Federation. The Leningrad region forests are divided into the protective and exploitable ones.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 2763.4 thousand hectares.

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 2291.4 thousand ha.

The climate of the region is Atlantic-continental. Marine air masses cause relatively mild winters with frequent thaws and moderately warm, sometimes cool summers. The average January temperature is -8 ... -11 ° C, that of July is + 16 ... + 18 ° C.

According to Petrostat, the total population of Leningrad region amounts to 1 777.6 thousand people (including city population – 1,142.1 thousand people, rural population - 635.5 thousand people) as of 1 December 2015, and it has increased by 2.1 thousand people, or by 0.1%, since the beginning of the year.

The region has a more limited amount of manpower than St. Petersburg does and a lower general educational and professional level, however, this disadvantage can be made up by the increased mobility of the population of the nearby metropolis.

Leningrad region is the largest transportation center in north-west Russia, one of the leading regions in the timber industry and agriculture. The region has considerable natural resources, highly professional labor potential. The region actively participates in the international economic activity and foreign trade, is a country leader for a number of agricultural and industrial sectors, develops the resources to create decent living standards.

One of the main advantages of the geographical location of Leningrad region is its proximity to Northern and Eastern Europe through the common borders with Finland and Estonia, as well as due to its access to the Baltic Sea, which provides the sub-sovereign one of the highest indicators of regional foreign trade turnover in Russia. The second feature of the geographical position of Leningrad region is the "company" of one of the largest cities in Russia - the city of St. Petersburg, which gives additional opportunities to the region, namely, a consumer and the resource potential. The neighboring regions (Tver, Pskov, Vologda regions and the Republic of Karelia) are the markets for industrial goods of Leningrad region.

Manufacturing ensures the largest volume of production. This segment is represented in the region by a major petrochemical industry, shipbuilding, motor-vehicle construction, component production, woodworking, mining metallurgy, production of mineral fertilizers. The second place is taken by the mining industry, which brings almost a quarter of tax revenue to the treasury. The agricultural complex of Leningrad region occupies a leading position in the north-western Federal District for the production of eggs, milk, cattle and poultry.

Forest is the main resource used on a large industrial scale. Moreover, the region has deposits of various natural construction materials (ceramic and refractory clay, limestone and dolomite, breakstone, sand and gravel). Water basins allow to develop industry and power generation. Production of electricity in the region completely covers the needs of industry and utilities of Leningrad region, the excessive amounts of the electricity produced are sold to other regions of Russia and the border states.

In 2013-2015, the rates of development of Leningrad region exceeded the national average rates. Even in a crisis, the main indicators of socio-economic stability remained positive:

The volume of shipped local goods, carried out works and provided services was 808.6 billion RUB in 2014, an increase in current prices was 120.5 in 2013%, the 2015 estimation values were 926.7 billion RUB.

The volume of agricultural production in 2014 was 84.9 billion RUB, or 101.3% by 2013, the 2015 estimation values were 96.9 billion RUB.

The volume of performed construction works in 2014 was 101.6 billion RUB, an increase in 2013 was 13.6%, the 2015 estimation showed 115.3 billion RUB.

The volume of transport services in 2014 was 99.2 billion RUB (113.1% by 2013), the 2015 estimation - 130.3 billion RUB.

The nominal wages grew almost 2-fold since 2008 and showed an increase of about 8% in 2015 (compared to 2014). The actual wages increased by 20% in 2014 compared to the level of 2009, but this figure depends on the inflation processes in the economy. Chemical industry and oil refining were the investment growth locomotives during the last 3 years. This situation will remain the same in the first 5 years of implementation of the Strategy in connection with the planned construction of plants for production of urea, methanol, liquefied gas.

Novgorod Region

As of 01.01.2015, the total area of the Novgorod region forests amounted to 3912.52 thousand ha. The Committee on Natural Resources and Forest Industry of Novgorod Region is an executive authority of the constituent unit of the Russian Federation for forest relations in Novgorod region. It is responsible for the forests of the State Forestry lands—3367.2 thousand ha.

The forests of Novgorod region occupy 89.8% of the total area of the State Forestry lands, 3.5% of the forests are located on the defense and security lands and the lands within the conservation areas and facilities.

Non-forest lands occupy 24748 ha (16.0%) including: swamps - 7139 ha (4.0%), roads - 1038 ha (0.6%), others - 16571 ha (10.0%)

Novgorod region includes the territory of 23 forest districts.

In general, the forests of Novgorod region are quite evenly distributed over the forest areas: 1948.6 thousand ha or 49.8% of the total forest area of the State Forestry land are located within the southern taiga zone of the European part of the Russian Federation; 1963.5 thousand ha or 50.2% are located in the area of coniferous and deciduous forests of the European part of the Russian Federation.

According to the Forest Code of the Russian Federation, the forests are divided into the protective, exploitable and reserved ones, based on their designated purpose.

The forests located on the land of the Novgorod region forest fund are divided into the protective and exploitable ones, based on their designated purpose. There are no reserved forests in the territory of Novgorod region. The forests located on the land of other categories can also belong to the protective forest class based on their functionality.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 838.1 thousand hectares.

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 2529.1 thousand ha, or 64.6% of the total forest area of the region

The climate of Novgorod region is temperate continental, close to the oceanic climate. The amount of precipitation is 200-500 mm more than can be evaporated. The annual amount ranges from 540 to 750 mm. A maximum amount of precipitation occurs in summer (38%), a slightly lower level - in autumn (27%).

As of 1 January 2015, the resident population is 618.7 thousand people, urban population - 438.3 thousand (70.8% of the total population), rural population - 180.4 thousand people (29.2%).

The region has various mineral resources of non-metallic origin. The explored deposits of refractory clay, limestone, building and quartz sand, boulders and gravel and sandy material are of the greatest industrial importance. The peat deposits of the region are among the highest in the European part of the country. 1435 peat deposits have been explored in the region, with the total reserves of 1,717 million tons (at 40 per cent relative moisture), which can significantly increase the volume of peat extraction. To use these mineral resources, the region has a network of mining, processing and consuming industries. 282 fields of lake sapropel and 102 fields (field sites) of fresh groundwater have been explored. The total forest area of the region is 4.1 million hectares including the area covered with forest vegetation - 3.5 million ha. Deciduous plants predominate in the region forests - 65 percent, the conifers - account for 35 percent, hardwoods are practically absent, they account for 0.07 percent. In accordance with the approved forestry regulations, the allowable cutting rate (annual allowable exemption of wood) over the region is 8.6 million cubic meter as of 2011 and the subsequent years, including the coniferous - 2.0 thousand cubic meters. Over the past 5 years, the average annual timber harvesting in the region has been 3.5 million cubic meters, or 40 per cent of the annual allowable cut.

The production index in the manufacturing sector had amounted to 99.5% by January-April 2015, in the mining sector - 117.5%, in power, gas and water generation and distribution - 103.4%.

The greatest increase was observed in the following economic activities:

manufacture of leather, leather products and footwear (146.5%);

extraction of fuel and energy minerals (141.4%);

manufacture of rubber and plastic goods (134.8%);

textile and clothing manufacture (124.7%);

extraction of minerals, except for fuel and energy ones (116.5%);

chemical production (110.2%);

generation, transfer and distribution of steam and hot water (thermal energy) (104.1%);

pulp and paper industry; publishing and printing (102.5%);

generation, transfer and distribution of electricity (102.5%).

The scope of work performed in the "Construction" economic activity amounted to 15.8 billion. RUB, which is 64.5% above the level of January-April 2015.

Large and medium-sized organizations have provided 52.7% of the retail trade revenue, small organizations - 22.8%, retail markets and fairs - 9.9%, individual entrepreneurs engaged in trade outside the market - 14.5%.

As of 1 May 2016, the registered unemployment rate amounted to 1.4% of the economically active population of the region that corresponds to the level of 1 April 2016 and is 0.2 percentage points higher than that of 1 May 2015.

In January-March 2016, the average monthly wages in the economy amounted to 26123.6 RUB in the region, 105.2% - by the relevant period of 2015, for large and medium-sized organizations - 29049.5 RUB, 104.8%.

Vologda Region

As of 01.01.2015, the total area of the Vologda region forests amounted to 11474.7 thousand ha, or 80.8% of its total area. The Forest Department of Vologda Region is an executive authority of the constituent unit of the Russian Federation for forest relations in Vologda region. It is responsible for the forests of the State Forestry lands—9852.4thousand ha, or 69.3% of its total area.

The forests that are not part of the forestry fund (the forests located on the lands of other categories) include the forests on the land of the Ministry of Defense of the Russian Federation – 63.9 thousand ha, or 0.5% of the total forest area of the region (on 52.9 thousand ha of these, forest management is organized, and on the area of 1.0 thousand ha forest management has never been organized, so there is no information on these forests), and the forests located on the conservation areas under the jurisdiction of the Ministry of Natural Resources and Environment of the Russian Federation – 121.2 thousand ha, or 1.1% of the region's forests.

The total number of the forestry districts controlled by the Forest Department of Vologda region is 266.

According to the Forest Code of the Russian Federation, the Vologda region forests within the forestry fund, and the forests on the lands of other categories are divided into the protective and exploitable ones based on their designated purposes.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 1773.2thousand hectares (18.0% of the total area) including those covered with forest vegetation (1628.9 thousand ha).

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 9701.5thousandha (82%) including those covered with forest vegetation (82231.1 thousand ha).

In general, the natural and climatic conditions are favorable for growing forest vegetation, but the sharp deviations of weather conditions from the average indices in certain years - dry periods aggravating the conditions for seed germination and seedling development, late spring frosts until June 15 and early autumn frosts from August 15 significantly reduce the period of active vegetation. Low winter temperatures of up to -48-53°C causing deep frost cracks, strong winds of up to 20 m/sec and faster causing windbreaks and windfalls in combination with low

natural soil fertility and waterlogging in the lowlands negatively affect growth and development of plants, especially that of underwood and forest crops.

As of 1 January 2015, the population of the region amounted to 1,191 thousand people (including urban population - 856.6 thousand people, rural population - 334.4 thousand people.).

The gross regional product increased from 213.4 billion RUB in 2014 to 351.3 billion RUB in 2015, in the relevant prices - by 1.2 times. The volume of shipped industrial goods increased from 259.9 billion RUB in 2014 to 419.6 billion RUB in 2015, an increase of 1.2 times (in the relevant prices). The share of steel production in the total volume of industrial production decreased from 54.0% in 2014 to 52.0% in 2015. The average monthly wages increased in 2015 compared to 2014 by 1.4 times - from 16.6 thousand RUB to 22.6 thousand RUB (in real terms - by 12.7%). The average per capita income in the same period increased by 1.5 times - from 12.2 to 18.3 thousand RUB (in real terms - by 21.4%). The population with incomes below the subsistence minimum reduced from 18.2% in 2014 to 13.5% in 2015. The population life expectancy increased from 67.4 years in 2014 to 69.2 years in 2015.

An integrated approach to the development of manpower guarantees stability in the labor market. In the last three years, the labor market has been recovering from the crisis of 2008 - 2009. Measures to reduce tension at the labor market in the conditions of crisis have been taken at the federal and regional levels.

Increased employment contributes to the improvement of population's welfare. The population with incomes below the subsistence minimum decreased by 4.7% and amounted to 13.5% in 2014, 13.4% - in 2015. The average monthly wages increased by 36.7% in nominal terms compared to 2014, in real terms (taking into account the consumer price growth) - by 12.7% and amounted to 22,649 RUB in 2015.

As of 1 January 2015, the housing stock in the region was 32.3 million sq. m. of the total area. During 2014-2015, 1233.4 thousand square meters of housing were put into service. In 2016, it is planned to put into service 410 thousand sq. m. of residential space.

The main economy development trends of the region include the industries based on the production of competitive products in the conditions of the external and internal markets.

The region is an industrially developed area, 44.9% (according to the results of 2015) of the gross regional product (hereinafter - GRP) account for the industry.

Wood industry cluster has been developing. According to the results of 2015, the production index exceeds the 2014 level of wood harvesting by 39.1%, wood processing and manufacturing of wood products - by 41.2%, pulp and paper production - by 57.7%. In 2015, the production index in harvesting is expected to reach 110.0%, wood processing and manufacturing of wood products - 106.0%, pulp and paper industry - 115.0%. Since 2011, a complex for cultivation of planting material with closed root system has been put in operation, which is aimed at improving the quality, extending the agro-technical terms of creating forestry crops. In 2014, seedlings with closed root system were used to create 302.3 hectares of forest plantations. In 2015, 16 priority investment projects in forest development remained under way.

In terms of the machine-building complex of the region, the production index in manufacture of machinery and equipment increased by 47.6% in 2015 compared to 2014, in manufacture of electrical, electronic and optical equipment - by 27.7%, in manufacture of transport equipment - 20.9 %. The enterprises of machine-building complex are focused on the output of competitive products. The state authority bodies pay serious attention to the

issue of economic diversification in the region. Certain changes have been achieved, however, a significant portion of the industrial output accounts for the steel industry.

Timber harvesting is carried out mainly by clear or selective cutting. Reforestation primarily suggests natural renewal assistance by preserving the undergrowth; in the remaining areas forest plantations are organized. When harvesting, the certified logging companies preserve high conservation value forests, as well as key biotopes and biodiversity elements of forest ecosystems.

Internal Control Procedure

The lawfulness of the raw material origin at the initial point is the basis of the internal control procedure. No HCVF (High Conservation Value Forests) included. Recognition of the interests of the indigenous population, control of compliance with the labor code regulations regarding the working conditions of the employees. Employment lawfulness, compliance with the labor legislation.

CITES or IUCN species are not supplied.

All raw materials for the production of fuel pellets are supplied for pellet production as waste of the sawmill and woodworking areas production manufacturing key products - structural wood elements.

According to the FSC nomenclature, raw materials for the production of fuel pellets are supplied with the following statements in the following proportions:

- 100% (all) FSC Controlled Wood supply (considered as Controlled feedstock).

All material for the production of fuel pellets can be classified as secondary feedstock (the waste from the wood processing industry).

The main suppliers are:

- Primus LLC, Leningrad region
- PE Kononovskiy A.A.; Vologda region
- PE Kotov Yu. A.; Vologda region
- PE Yeremeyev D.A.; Leningrad region

The main forest forming species and the average proportion of the species (based on our procurement research) are as follows:

- 50% *Pinus sylvestris*,
- 50% *Picea abies*.

More detailed information on BP's supply base can be found in BP's Supply Base Report in Internet:

<http://tikhvinpellets.com/sbp-sustainable-biomass-partnership> - Russian version;

<http://en.tikhvinpellets.com/otchet> - English version.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 20143.72 thousand ha

Tenure by type (ha): 100% state property of the Russian Federation
Forest by type (ha): 100% Boreal
Forest by management type (ha): Managed natural
Certified forest by scheme (ha): 0 ha

5.4 Chain of Custody system

The certificate scope covers the production site and office in Tikhvin, Leningrad region. BP holds valid FSC CoC certificate <http://info.fsc.org/details.php?id=a023300000WUaEwAAL&type=certificate&return=certificate.php>.

The input material used by the BP for biomass production (both as raw material for pellet production and feedstock used into dryer) contains secondary feedstock supplied from local sawmills (sawmill residues, sawdust and bark). Origin of the feedstock is Leningrad, Novgorod and Vologda regions of Russia. Point of sale of the final product is Saint-Petersburg harbour (delivery conditions – truck, FCA, S.Petersburg harbour). In the reporting period all secondary feedstock was delivered without FSC claim, and suppliers were included into BP's own program of field verification of controlled material suppliers against Annex 3 of FSC-STD-40-005. Potentially, in the future a part of secondary feedstock may come with FSC Mix Credit of FSC 100% claim. BP is searching for such suppliers. Non-certified and non-controlled inputs of secondary feedstock are not acceptable.

Secondary feedstock is delivered to BP by trucks. Incoming material is mixed, and therefore pellets are produced with FSC MIX claim (SBP-compliant biomass) within the limits of the volume available at credit account) and FSC Controlled Wood claim (SBP-controlled biomass). BP's FSC CoC procedure also gives the opportunity to produce FSC 100% pellets, by processing of relevant secondary feedstock in separate batches, with physical segregation of this material from any other material at all stages of handling and processing.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on May 28-29, 2016 (16h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	25/05/2016 09.00-09.30
Documents and procedures review. Inputs review	Office	25/05/2016 09:30-12.15
Break		25/05/2016 12:15-13:00
GHG calculation review	Office	25/05/2016 13:00-17:00
Presentation of the results of the first day of assessment	Office	25/05/2016 17:00-17:30
Opening meeting	Office	26/05/2016 08:00-08:15
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	26/05/2016 8:15 – 10:00
Interview with chief accountant	Accounting department	26/05/2016 10:00-10:30
Documents and procedures review; staff interview.	Office	26/05/2016 10:30 – 16:00

Closing meeting*	Office	26/05/2016 16:00 – 17:00
End of the evaluation		26/05/2016 17:00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov Lead auditor	NEPCon SBP lead auditor. He passed SBP auditor training in Tallinn in January 2015; previous experience with SBP pre-assessment and SBP assessment in Russia.
Valery Magda Auditor in training	NEPCon FSC FM and CoC lead auditor. Participated in assessment as observer for training purposes.

The assessment visit 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 assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, GHG data calculations/ data sheet, Supply Base Report and FSC system description was provided by the company prior to the assessment. Audit started with an opening meeting attended by the SBP responsible person and the director of the organization.

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

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction document 5a covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant biomass. During the process overall responsible person for SBP system and director were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour, reception process was observed, applicable records were reviewed, pellet production chief was interviewed and FSC system critical control points were analysed.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the director and SBP responsible person.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 28th of March, 2016 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage

<http://www.nepcon.org/ru/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/%D0%BF%D1%83%D0%B1%D0%BB%D0%B8%D1%87%D0%BD%D0%BE%D0%B5-%D1%83%D0%B2%D0%B5%D0%B4%D0%BE%D0%BC%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5-28032016>

No comments from the stakeholders were received.

7 Results

7.1 Main strengths and weaknesses

Strength: Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: see non-conformity reports below in this report.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

The BP has involved external consultant from who helped with implementation of the system for collection of the emission and energy data. Some of the energy use data is based on actual information, whereas calculation of some data was conducted with implementation of theoretical approaches.

7.4 Competency of involved personnel

The SBP responsible person was supported by external consultant who was closely involved in preparation of internal procedures and helping to set up the management system. The SBP responsible person has shown good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system.

7.5 Stakeholder feedback

No stakeholder comments are received

7.6 Preconditions

None.

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

Non-conformity reports

NCR: 01/16	NC Classification: minor
Standard & Requirement:	SBP Standard # 2, requirement 7.3, requirement 2C 4.1
Description of Non-conformance and Related Evidence:	
BP used the previous version of Supply Base Report template when preparing to SBP assessment. During assessment report preparation, new version of Supply Base Report (version 1.2) have been developed by SBP. Организация использовала предыдущую форму отчета о ресурсной базе при подготовке к оценке SBP. Во время подготовки отчета об оценке SBP была разработана новая версия (1.2) отчета о ресурсной базе.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	
Yes ☐ No ☒	

NCR: 02/16	NC Classification: minor
Standard & Requirement:	SBP Standard #2, requirement 2C, 4.1
Description of Non-conformance and Related Evidence:	
Close of last CB audit in the SBR is specified incorrect (25.06.2016). In fact the evaluation was finished on 26.05.2016. Дата последнего аудита органа сертификации указана в отчете о ресурсной базе некорректно (25.06.2016). На самом деле оценка закончилась 26.05.2016.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒
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NCR: 03/16	NC Classification: minor
Standard & Requirement:	SBP Standard #4, requirement 5.1.2
Description of Non-conformance and Related Evidence:	
According to FSC CW procedure (section 13.6.2), by April 1 of the current year director shall prepare the schedule of inspections of the forest management units (controlled material supplies), which are sampled for inspection. No schedule of inspections for the year 2016 was submitted to auditor. Согласно процедуре FSC CW (раздел 13.6.2), до 1 апреля текущего года директор должен составить график инспекций управляемых лесных участков (источников контролируемого материала), выбранных для полевой проверки. Аудитору не был предоставлен график инспекций на 2016 год.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 04/16	NC Classification: minor
Standard & Requirement:	SBP Standard #4 requirement 6.2.1
Description of Non-conformance and Related Evidence:	
It is not specified in SBP procedure that energy and carbon data are collected using the latest version of SBP Standard 5 В процедуре SBP не указано, что информация о затратах энергии должна собираться с использованием самой последней версии стандарта SBP № 5.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒
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NCR: 05/16	NC Classification: minor
Standard & Requirement:	SBP Instruction #5a requirement 3.7.1
Description of Non-conformance and Related Evidence:	
BP uses track Ural-4320 for loading and unloading the tracks with slab wood. SBP procedure (section 4.2, page 18) states that diesel consumption for loading and unloading of one track (14 m3 of slab wood) is 10 liters, however no documented evidence submitted to auditor to confirm such fuel consumption. Организация использует автомобиль Урал-4320 для погрузки и выгрузки горбыля. Процедура SBP (раздел 4.2, стр. 18) указывает, что расход дизельного топлива при погрузке и разгрузке одного автомобиля (14 куб. м. горбыля) составляет 10 литров, однако аудитору не предоставлено документированное подтверждение такого расхода топлива.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 06/16	NC Classification: minor
Standard & Requirement:	SBP Instruction 5A, requirement 7.1
Description of Non-conformance and Related Evidence:	
BP determined one product group - Other Feedstock (Group 7, includes all feedstock not included in 1-6 above.). However according to SBP classification, the feedstock with FSC claims (100% or Mix Credit) falls to Group 6 – SBP-compliant secondary feedstock (excluding anything in Product Groups 4 and 5). And the feedstock with FSC Controlled Wood claim falls to Group 4 – Secondary Feedstock supplier under a claim under an SBP approved controlled feedstock claim (specifically FSC). Организация определила одну группу продукции - Other Feedstock (Группа 7). Однако, согласно классификации SBP, материал с заявлениями FSC (100% или Mix Credit) относится к Группе 6 – SBP-compliant secondary feedstock. Материал с заявлением FSC Controlled Wood относится к Группе 4 – Secondary Feedstock supplier under a claim under an SBP approved controlled feedstock claim (specifically FSC).	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the

	root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 07/16	NC Classification: minor
Standard & Requirement:	Supply Base Report Template for Biomass Producers, section 3. Requirement for a Supply Base Evaluation; SBP standard #2, requirement 2C – 4.1
Description of Non-conformance and Related Evidence:	
Section 3 of Supply Base Report does not contain a concise summary of why the Supply Base Evaluation was determined to be not required. It says only that SBE is “out of the scope of this certification.” Раздел 3 отчета о ресурсной базе не содержит краткое описание того, почему оценка ресурсной базы (Supply Base Evaluation) не потребовалась. Указано лишь, что оценка ресурсной базы не входит в область действия данной сертификации.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 08/16	NC Classification: minor
Standard & Requirement:	SBP Instruction 5A, requirement 4.7.2
Description of Non-conformance and Related Evidence:	
Section 4.2 of SBP procedure states that vehicle used at production site for pellets internal transportation, storage and loading is fuelled from jerry cans (canisters) brought from external fuelling station. Therefore, auditor assumes that invoices from fuelling station shall definitely be available at BP's accountancy. However, BP used engineering approach to determine diesel consumption: average working time for one operation (transportation or loading) per unit (tone) was multiplied on average diesel consumption per hour.	

В разделе 4.2 процедуры SBP указано, что автотранспорт, используемый для перемещения по площадке, а также складирования и отгрузки готовой продукции заправляется на площадке организации, канистрами привезенными с АЗС. Поэтому аудитор считает, что счета на покупку дизельного топлива определенно должны быть доступны в бухгалтерии организации. Однако, организация использовала теоретический подход для определения расхода дизельного топлива: среднее время, необходимое для выполнения операции (транспортировка или погрузка единицы продукции) было умножено на средний расход дизельного топлива за единицу времени (час).

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

Observations

OBS: 01/16	Standard & Requirement:	SBP Standard # 5, requirement 5.1
	Report Section	Appendix C
Description of findings leading to observation:	BP submitted GHG calculations to auditor in Word format, as a part of SBP procedure. It was very complicated for auditor to verify calculations. Данные с расчетами затрат энергии были предоставлены аудиту в формате Word, как часть процедуры SBP. Проверка расчетов вызвала у аудитора большие неудобства	
Observation:	It is strongly recommended to BP to submit the GHG calculation data for auditor review in Excel format. Организации настоятельно рекомендуется предоставлять данные с расчетами затрат энергии аудиту в формате Excel.	

11 Certification decision

Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation:	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 24th August 2016	

12 Surveillance updates

Not applicable.

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13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Andrey Martynenko, SBP responsible, standardization engineer
Auditor(s):	Nikolai Tochilov, lead auditor Valery Magda, auditor in training
People Interviewed, Titles:	Andrey Martynenko, SBP responsible, standardization engineer Anastasia Abramova, accountant Leonid Yakhnes, chief power engineer Anton Zhuravskiy, director Oleg Smirnov, chief of pellet production Roman Kustov, foreman at pellet production
Brief Overview of Audit Process for this Location:	See section 6.2
Comments:	