

NEPCon Evaluation of LPK North 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
www.sustainablebiomasspartnership.org*

Document history

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1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 06/Mar/2017

Report authors: Nikolai Tochilov

Certificate Holder: LPK North LLC

Legal address: 10 Karpechenko str., Velsk, 165151, RUSSIA

Production site address: 48b Klimovskogo str., Velsk, 165151, RUSSIA

Producer contact for SBP: Evgeny Vladimirovich Mitinev, tel.:+79210884558, email: e.mitinev@velskiyles.ru

Certified Supply Base: Sourcing from Russia, Arkhangelsk and Vologda regions

SBP Certificate Code: SBP-01-62

Date of certificate issue: 28/Mar/2017

Date of certificate expiry: 27/Mar/2022

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Velsk, Arkhangelsk region, Russia.

The BP holds valid FSC Chain of Custody, covering sawmilling and pellet production.

Organisation primary production is sawn material. Wood residues from this production are used in secondary production (wood pellets). The feedstock is both FSC Mix Credit and FSC Controlled Wood certified. Origin of the feedstock is Arkhangelsk and Vologda regions of Russia. Point of sale is the BP gate (Ex Work). BP is responsible only for loading of the pellets to the truck or railway wagon.

Scope description: Production of wood pellets in Velsk town, Arkhangelsk region, Russia, for use in energy production. Post production end point is gate of the pellet plant (Ex Work). The scope of the certificate does not include Supply Base 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: gate of the BP	☐
Provide name of all points of sales	- - -	- - -	Velsk, gate of the BP (Ex Work)	
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:			
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;
- 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 documents 5A, 5B, 5C, version 1.1, October 2016.

<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 a large primary and secondary manufacturer situated in the southern part of Arkhangelsk region, Russia. Company runs both pellet and sawn material production, which supplies secondary feedstock with FSC Mix Credit and FSC Controlled Wood claims to the pellet plant. Total annual production capacity of pellet plant is 70000 tones.

The round wood used at sawmilling (logs for primary production) is originating from Arkhangelsk and Vologda regions of Russia.

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

The pellets are sold at BP's gate, so transportation of product to customer is not applicable for this certification.

BP is a recently commissioned plant.

5.2 Description of Biomass Producer's Supply Base

Supply base of wood feedstock is situated in the territory of 8 forestries and administrative districts of Vologda and Arkhangelsk regions in Northwest federal district of the Russian Federation. Future supply base expansion is possible within the said regions of Russia. In the future, possible expansion of the resource supply base within the specified regions of the Russian Federation.

The total area of forest lands in Russia is 764 mln. ha. accounting for about 21% of the world standing timber. Coniferous species makes up 68.4%, hard-wooded broadleaved species - 2,4%, soft-wooded broadleaved species - 19,3%. Other tree species makes up less than 1%.

In accordance with Russian legislation all forest lands are state owned. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration,
- to provide annual forest declaration,
- to issue a forest exploitation project.
- to provide a report on the forests use, their conservation, protection and regeneration.

High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All

reforestation activities in leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest management projects.

The forest complex of the Russian Federation, including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy. About 60 000 of large-scale, medium-sized and small enterprises in all regions of the country are involved in Russian forest complex. The total number of employees in the forest complex of Russia is about 1 mln. people.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is over 43 mln. ha. or 30% of the total number of forest under lease. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements.

The supply base of LPK North LLC

The total area of supply base is 1 050 421 ha.

Region, forestry name	Area forestry, ha	Rented forestry area of the supplier, ha
Arhangelsk region:		
Shenkurskoe forestry	1 144 402	354 075
Nyandomskoe forestry	762 906	36 608
Velskoe forestry	789 044	72 217
Konoshskoe forestry	796 814	164 162
Kotlasskoe forestry	537 264	98 318
Krasnoborskoe forestry	863 662	90 395
Ustyanskoe forestry	991 393	104 314
Vologda region:		
Verhovazhskoe forestry	366 213	130 332
TOTAL	6 251 698	1 050 421

The supply base is situated in middle taiga in the European part of Russia. Forest area has favourable environment for natural regeneration of coniferous species (pine and spruce).

The composition of the supply base forests is mixed, the main tree species are pine, spruce, birch, aspen. In the forests of the supply base the timber harvesting has been going on for 80 years, and intact forest sites are fragmented and non-accessible.

Timber harvesting is one of the main industry in the Arkhangelsk and Vologda regions. Also, well-developed timber processing. Timber processing is represented by large sawmills, pulp and paper, plywood, match, planing.

Adjacent forest areas as leased for logging. The rest of the forest given to the needs of the local populations.

The lay of the land is a hilly plain. Vologda and Arkhangelsk regions have intact forests and wetlands of international importance. The territory of Arkhangelsk region is among the global ecoregions of WWF Global 200 Ecoregions. Small- numbered indigenous peoples vepsi live in Vologda region. Pomori and nentsi live in Arkhangelsk region. Intact forests including those present in the territory of the resource base of LPK North LLC, all of them are under protection, timber harvesting them is not conducted. Small-numbered indigenous peoples of the territory of the resource base are not living.

BP makes conclusions basing on Atlas of Russia's Intact Forest Landscapes given in Annex E to Russian National FCS Standard (<https://ru.fsc.org>), Annex 6 of National Risk Evaluation, map of HCVF and Russian Federation Government Decree № 631-p of 8 of May 2009. "Statement of the list of places for traditional residence and traditional economic activities of indigenous minorities in Russian Federation and the list of types of their traditional economic activities." In our economic area there are not harvested species, falling within the scope of CITES and included in the IUCN (The International Union for Conservation of Nature and Natural Resources).

LPK North LLC is one of the largest wood processors in the Arkhangelsk region and is purchasing round timber by suppliers of certified and controlled wood. LPK North LLC has the FSC certificate in which checks of suppliers according to the internal audit program controlled suppliers (in accordance with FSC-STD-40-005 standard).

The annual volume of incoming raw material (logs) to the plant is about 267 000 m³.

Raw materials used for the production of pellets refers to the SBP-compliant secondary feedstock - 51% of the total volume of secondary feedstock (7 suppliers), Controlled feedstock - 13% of the total volume of secondary feedstock (7 controlled suppliers on their own inspection of controlled system supplier) and SBP-non-compliant feedstock - 36% of the total number of secondary feedstock. SBP-uncertified feedstock and products are separated at time of production and physically from certified and controlled feedstock and pellets are not mixed with them and not sold as SBP-certified.

Species composition in terms of incoming sawlogs during the period November 2015–October 2016. amounted to: FSC 100% pine logs – 41 k m³, FSC 100% spruce logs - 100 k m³, FSC Controlled wood logs pine - 20 k m³, FSC Controlled spruce logs – 14,5 k m³).

More details about BP's supply base can be found in Supply Base Report:

http://jfic.ru/docs/report_rus.pdf

http://jfic.ru/docs/report_eng.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	1 050 421 ha
Tenure by type (ha):	state owned 1 050 421 ha
Forest by type (ha):	boreal 1 050 421 ha
Forest by management type (ha):	managed natural 1 050 421 ha
Certified forest by scheme (ha):	642 331 ha FSC-certified forest

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report.

5.4 Chain of Custody system

BP holds valid FSC CoC certificate

<http://info.fsc.org/details.php?id=a024000000OsEYpAAN&type=certificate&return=certificate.php>, using FSC credit system of claims. Incoming secondary feedstock originates from Organisation's own sawmill located at the

same production site, and has FSC Mix Credit and FSC Controlled Wood claim. BP uses credit account for certified pellet production and sales,

Some share of the feedstock originates from non-certified and non-controlled sources. Non-certified material is handled separately from certified material at all stages.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on December 05-06, 2016 (13h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	05/12/2016 09.00-09.30
Documents and procedures review. Inputs review	Office	05/12/2016 09:30-12.15
Break		05/12/2016 12:15-13:00
Energy use calculations review	Office	05/12/2016 13:00-17:00
Presentation of the results of the first day of assessment	Office	05/12/2016 17:00-17:15
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	06/12/2016 09:00 – 10:00
Staff interviews	Production site and office	06/12/2016 10:00-12:00
Documents and procedures review	Office	06/12/2016 10:30 – 14:00
Closing meeting*	Office	06/12/2016 14:00 – 14:30

End of the evaluation		06/12/2016
		14:30

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov	NEPCon SBP lead auditor. He passed SBP auditor training in Tallinn in January 2015; previous experience with more than 15 SBP pre-assessments and SBP assessments in Russia.

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, SAR, SBP Profiling data and Supply Base Report and FSC system description was provided by the company at the beginning of the assessment. Audit started with an opening meeting attended by the SBP responsible person and the management 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 documents 5a, 5b, 5c 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 and controlled biomass. During the process, overall responsible person for SBP system and other staff were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour, reception process was observed, applicable records were reviewed, staff 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 management and SBP responsible person.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on November 3, 2016 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage

<https://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%B5-03112016>

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. Clearly designated responsibilities within the staff members. Robust justifications for energy use data.

Weaknesses: BP obtained the data on energy use for pellet production only for the period November 21-December 01, 2016. But the reason for that is that pellet production has been launched in November 2016 and BP did not have opportunity to obtain data for longer period of its operation. Therefore, some of energy use data are based on engineering calculations. BP intends to make update of energy use data as soon as they have more reliable results for a longer production period.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

The BP has involved external consultant who helped with implementation of the system for collection of the emission and energy data. Energy use data are based on actual production results, as well as engineering calculations, please see also comment in section 7.1 above.

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 staff has shown good understanding of the requirements in relation to SBP certification and of the 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

No non-conformities and observations have been raised during this evaluation.

11 Certification decision

Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation:	
☒	Certification approved:
☐	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 SPB technical committee will approve the report. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 06/03/2017	

12 Surveillance updates

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Evgeniy Mitenev, certification specialist
Auditor(s):	Nikolai Tochilov
People Interviewed, Titles:	Evgeniy Mitenev, certification specialist Dmitry Dekterev, operator Grigory Ugryumov, power engineer Sergey Emelyanov, chief of pellet production Natalia Kiseleva, H&S specialist Yulia Istomina, accountant
Brief Overview of Audit Process for this Location:	See section 6.2
Comments:	No comments