

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

Main (Initial) Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

*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

© Copyright The Sustainable Biomass Program Limited 2018

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

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

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

Current report completion date: 14/Jan/2020

Report authors: : Nikolai Tochilov

Name of the Company: Green Energy Ltd. Legal and production site address: 26, Birza-3 street, Pestovo, Novgorod region 174510, Russian Federation

Company contact for SBP: Alexander Semenov, director general. Mob.: +79168257158; email: greenenergy@bk.ru

Certified Supply Base: Russia, Arkhangelsk, Vologda, Novgorod and Tver region

SBP Certificate Code: SBP-07-43

Date of certificate issue: 15/Jan/2020

Date of certificate expiry: 14/Jan/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Pestovo, Novgorod region, Russia, for use in energy production, and its transportation by different means of transport to different end points in Russia. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

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 and assessment of compliance with ID 5E ver. 1.0.

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Organisation is a pellet producer located in Pestovo, Novgorod region, Russia. Total annual production capacity of pellet plant is 20 000 tones.

Only secondary feedstock (sawdust) with FSC 100% claim is used for FSC/SBP certified pellet production and in dryer. FSC-certified secondary feedstock is supplied from FSC-certified sawmill also located in Pestovo.

FSC transfer system of claims is implemented for pellet production (all pellets have FSC 100% claim).

The final product may be transported by different means of transport to different end points in Russia, on different Incoterms delivery conditions.

5.2 Description of Company's Supply Base

Green Energy Ltd produces SBP biomass from an SBP product, that is a secondary feedstock (sawdust), which is a residue from a supplier - local wood processing company LLC ULK Group. The supplier receives roundwood from more than 10 FSC certified suppliers, 5 of which are included in the LLC ULK Group. The species composition of the feedstock is European Spruce (*Picea abies*) - 73%, Common Pine (*Pinus sylvestris*) - 27%.

The Supply base of Green Energy Ltd is the area of the forest fund of the Arkhangelsk, Vologda, Novgorod and Tver regions (49,7 million hectares). All forest areas are managed in accordance with the Russian national standard FSC (license code FSC-C128255), which is confirmed by the availability of valid forest management certificates from all suppliers. The Supply base regions are located within the middle and southern taiga (Arkhangelsk and Vologda regions, the north of the Novgorod region), as well as temperate forests (the south of the Novgorod region and almost the entire Tver region).

In accordance with the legislation of the Russian Federation forest areas are in federal ownership. Suppliers manage forest land on the basis of long-term lease agreements (up to 49 years). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development project for 10 years (based on taxation and forest management), implement measures for the conservation, protection and reproduction of forests, and each year submit a forest declaration containing a report on the implemented measures and logging volumes.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for forest use. All reforestation work on leased forest areas is planned and carried out by forest users at their own expense in accordance with forest managements projects.

Forest areas are represented by both coniferous and deciduous stands. The main forest-forming species: Norway spruce (*Picea abies*), Scots pine (*Pinus sylvestris*), Silver birch (*Betula pendula*), downy birch (*Betula pubescens*), aspen (*Populus tremula*). The share of mature and overmature forest stands is about 3/4 of the timber stock.

The adjacent lands of the supply base are mainly represented by forest areas of other tenants and agricultural land.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting. The maximum area of clear cuts is limited by 50 ha. For reforestation purposes, planting of seedlings predominates and natural regeneration is promoted. In protective forests along lakes, swamps and other environmentally sensitive objects, a more strict management regime is applied.

When harvesting wood, according to the forest legislation, species listed in the Red Book and their habitats are subject to conservation. Cutting of valuable, endangered and specially protected tree species is prohibited. Within the Supply Base, there are such tree species listed in the Red Book as willows (*Salix* spp) within the Arkhangelsk and Tver regions, Siberian fir (*Abies sibirica*), Siberian larch (*Larix sibirica*), common hazel (*Corylus avellana*), common oak (*Quercus robur*) within the Vologda region, low birch (*Betula humilis*) within the Novgorod and Tver regions, dwarf birch (*Betula nana*) within the Tver region. Green Energy Ltd does not purchase or process protected tree species. Only sawdust of European spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*) are used into production.

Green Energy Ltd is a small business. The social function of the enterprise is to pay taxes to the local budget, create jobs for the local population, and maintain the environmental situation at the local level (processing of wood waste).

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	49,7 mln. ha
Tenure by type (ha):	public 49,7 mln. ha
Forest by type (ha):	boreal 43,0 mln. ha; temperate 6,7 mln. ha
Forest by management type (ha):	managed natural 49,7 mln. ha
Certified forest by scheme (ha):	15572305,43 ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available in company's profile at SBP homepage <https://sbp-cert.org/accreditations-and-certifications/certificate-holders/> (SBR will be uploaded there after certificate issue).

5.4 Chain of Custody system

BP holds valid FSC CoC certificate

<https://info.fsc.org/details.php?id=a023300000YKSamAAH&type=certificate> covering the pellet production. Only secondary feedstock (sawdust) with FSC 100% claim is used for pellet production and FSC transfer system of claims is implemented (all pellets have FSC 100% claim).

Non-certified feedstock is not processed, neither used in dryer.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on November 28-29, 2019 (12.5 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	28/11/2019 09.30-09.45
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	28/11/2019 09.45-13.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	28/11/2019 12.00-16.15
Chain of custody review (site tour); staff interview	Production facilities	28/11/2019 16.15-17.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	29/11/2019 09.00 – 13.30
Closing meeting	Office	29/11/2019 13.30-14.00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
-------------------	----------------

Nikolai Tochilov, audit team leader	NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 40 SBP assessments and annual audits in Russia and Europe.
-------------------------------------	--

The evaluation 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 audit evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company in the beginning of the assessment, which started with an opening meeting attended by the representatives from Organisation's management and staff.

Audit team leader 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 5e 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 other staff were interviewed.

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

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

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here:

<http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on July 12, 2019 by sending direct email to different stakeholder categories. No comments from the stakeholders have been received. List of informed stakeholders is the same which is used for FSC FM/COC assessments notification in Russia. This list was compiled by FSC Russia; it is available at FSC Russia homepage <https://ru.fsc.org/ru-ru> and includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, indigenous peoples' communities (where applicable), state forestry authorities, trade unions etc.

7 Results

7.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% 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: no weaknesses identified during assessment.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock delivery, handling and shipping; diesel for biomass transportation to customer. Diesel consumption value by loaders is based on actual refuelling data obtained in accountancy; electricity consumption by pellet plant is based on readings obtained from installed electric meter; electricity consumption by office facilities is based on engineering calculations. BP furthermore has actual data on diesel consumption by trucks delivering the secondary feedstock to production site, but this information is not required in SAR.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: SBP responsible person/director general (SBP procedures and systems updates, SAR, SREG (if applicable), SBR, conversion factor updates, DTS); chief accountant (registration of inputs and outputs volumes, registration of diesel and electricity consumption; operators (moisture measurements); deputy director general (H&S responsible). Prior to and during SBP assessment, BP was supported by external consultant, who also have provided relevant training to BP staff.

7.5 Stakeholder feedback

No comments received from stakeholders prior, during or after this assessment.

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

Not applicable.

9 Review of Company's mitigation measures

Not applicable.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

No NCRs and/or Observations raised during this assessment.

11 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:	14/Jan/2020
Other comments:	<i>Click or tap here to enter text.</i>