Forest Certification LLC Evaluation of PIK-BIO LLC Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

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The promise of good biomass

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

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1 Overview

Certification Body (CB) Name:	Forest Certification LLC
Primary CB contact for SBP:	Aleksei Savulidi
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Audit team leader:	Nikolai Stashkevich
Audit team members:	Nikolai Stashkevich
Name of the Company:	PIK-BIO LLC
Company legal address:	territory PIK-BIO LLC, Promploshchyadka UI LPK, Irkutsk region, 666684 Ust-Ilimsk, Russia
Company contact for SBP:	Evgeny Eroshkin
Company contact email:	erochkin@list.ru
Company website:	http://pik-bio.com/
SBP Certificate Code:	SBP-09-08
Date of certificate issue:	31 Mar 2020
Date of certificate expiry:	30 Mar 2025

Audit closing meeting date:	24 Feb 2022
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:	FSC: FC-COC-001273, FC-CW-001273	☐
	Transfer	☐

2.1 Description of the company

PIK-BIO LLC is a secondary processor (biomass producer) with production capacity of 27000 tone pellets/year, located in Ust-Ilimsk, Irkutsk region of Russia. The pellet plant was commissioned in the beginning of 2019. The BP holds valid FSC CoC/CW certificate (FC-COC-001273, FC-CW-001273) covering biomass production and uses only FSC 100% and FSC Controlled Wood secondary feedstock for pellet production (sawdust and wood chips) and heating (sawdust, wood chips with bark, as well as substandard pellets). All feedstock is purchased from FSC certified suppliers (a list of FSC-certified feedstock suppliers is maintained). According to the data provided (including last SAR), wood chips and FSC Controlled Wood feedstock are used only for burner (feedstock drying), but their use to produce pellets is not excluded according to the scope of the FSC COC certificate. Feedstock is delivered to production site by conveyor belt and by front loader. Pellets - is the only declared product group within the scope of SBP certification. The description of the organization, as well as the main SBP documents, are posted on the official website of the certificate holder - http://pik-bio.com/?page_id=45 (it doesn't work at the second surveillance SBP audit).

2.2 Detailed description of the Chain of Custody system

BP holds valid FSC CoC certificate https://info.fsc.org/details.php?id=a02f300000k62rLAAQ&type=certificate covering the pellet production. Only secondary feedstock with FSC 100% and FSC Controlled Wood claims is used for pellet production and FSC transfer system of claims is implemented. Physical segregation (production in different batches) is ensured to produce pellets with FSC 100% claim and FSC Controlled Wood claim. BP ensures that production line is completely cleaned out when switching from production of FSC Controlled Wood biomass to FSC 100% biomass. The feedstock goes by conveyor belt directly to the production. Also, feedstock (chips and sawdust purchased from certified suppliers) come from heaps stored near the pellet production using a front loader. The acceptance of feedstock (chips and sawdust come by cars), its unloading, placement and use in pellet production is controlled by the controller. The Supply chain FSC procedure of PIK-BIO LLC clearly regulates the need for constant separation of materials in order to avoid the ingress of feedstock of other certifications and non-certified feedstock for the production of FSC product groups. This request is known to the interviewed employees (director, controller and operators at the pellet production site). Certified and non-certified biomass is kept separately in big bags. The accounting materials also ensure the separation of materials of different categories (FSC 100% and FSC Controlled Wood).

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;

- Assess compliance against Instruction Document 5E: Collection and Communication of Energy and Carbon Data (Version 1.5, 22 July 2021);

- Evaluation of DTS transactions, their comparision with excel-accounting data, trade and transport documents.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Nikolai Stashkevich	4,0
2. On-site (excl. travel time)	Nikolai Stashkevich	16,0
3. Report writing	Nikolai Stashkevich	24,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting	Office	Nikolai Stashkevich	22 Feb 2022/08:00
Interviews with management and leading specialists of the enterprise.	Office, production site	Nikolai Stashkevich	22 Feb 2022/08:30
Analysis of the resource base report.	Office	Nikolai Stashkevich	22 Mar 2022/09:30
Analysis of the internal	Office, production site	Nikolai Stashkevich	22 Feb 2022/10:00

documentation of the enterprise developed as part of the SBP certification.			
Visit to the production site of the enterprise, places of acceptance, storage, processing of incoming raw materials and manufactured products.	Production site	Nikolai Stashkevich	22 Feb 2022/13:00
Validation of an SBP enterprise supply chain system.	Office, production site	Nikolai Stashkevich	22 Feb 2022/15:00
Interviews with employees.	Office, production site	Nikolai Stashkevich	22 Feb 2022/15:30
Work with enterprise documentation. Fill out a checklist for applicable	Office, production site	Nikolai Stashkevich	24 Feb 2022/08:00
Validation of the collection of SBP data on GHG, energy, carbon and stability characteristics.	Office, production site	Nikolai Stashkevich	24 Feb 2022/08:00
Preparation of preliminary audit findings.	Office	Nikolai Stashkevich	24 Feb 2022/16:00
Closing meeting. Summing up the	Office	Nikolai Stashkevich	24 Feb 2022/16:30

preliminary results of the audit.			

Auditor qualification		
Auditor name	**Role**	**Qualification**
Nikolai Stashkevich	audit team leader	Forest Certification SBP lead auditor. He has successfully passed SBP auditor training in Berlin on 3-4 September 2019. Auditor had more than 100 audit-days in each of last years (2016-2020) on FSC and PEFC as a lead auditor or as an auditor (without desk-audits). SBP accreditation audit has been successfully completed.

4.2 Description of evaluation activities

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 Guidance, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company prior to the assessment and lead auditor had enough time to review it and get well prepared for onsite visit. Assessment started with an opening meeting attended by the representatives from Organisation's management.

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 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, responsible person for SBP system, company's director and controller 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.

The heaps of feedstock located in the adjacent territory were inspected. The site of the sawdust exit at the adjacent to the pellet production site sawmill of one of the certified suppliers (Vychegzhanin D.V. IP) was also examined.

The second day of the audit was spent on checking accounting materials, documentary evidence of the data indicated in them (including in the SAR), discussing the indicated values, keeping records with the employees responsible for accounting.

Transactions in the DTS system were verified.

In parallel with the above, checklists were filled in based on the results of the audit.

At the end of the assessment findings were summarised and assessment were provided to the management and SBP responsible person.

4.3 Sampling methodology

During the office and field assessment (checking the production of pellets and feedstock yards (in heaps)), the accounting documents (data sheets, accounting registers), data accounting in the excel forms (on the volume and moisture content of feedstock, pellets, on the consumption of diesel, electricity, biofuel) were checked), 1C accounting. The OHAS materials were evaluated. Employees were interviewed, whose responsibility is registered in the SBP Guidance. The supply chain was passed, starting from the heaps of sawmill residues (wood chips and sawdust) and its output on the nearest supplier’s production site, to its delivery to the pellet production area and entering production, to the output and storage of finished products (pellets in big bags). Questions were asked on the collection of data on energy consumption, on accounting, on the control of critical control points, on the requirements of the applicable SBP standards and the internal procedures developed on their basis. Thus, within the framework of sampling, due to the degree of risk, all chain of custody was observed. As part of the sample of records, all excel-accounting forms were considered, data from which were taken for the SAR, as well as 1-2 examples of primary documents, on the basis of which Excel accounting forms are filled out. Sampling of personnel according to the survey - all employees involved in the management of the chain were interviewed, whose responsibility is enshrined in the internal SBP Guidance. The selection of objects to be visited, personnel to be interviewed and documents to be checked is due to the methodology regulated in FC-SBP-PRC-BP-4.2 v.1.6 Certification assessment according to the SBP system

4.4 CB stakeholder engagement

N/A for SA

4.5 Stakeholder feedback

No feedback has been received from stakeholders.

5 Results

5.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system. Experience of responsible employees in FSC COC certification. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

- lack of a systematic approach to eliminating inconsistencies of the previous audit (MC-01 - MC-11).

- insufficient control (in terms of accounting, updating documents and the competence of responsible personnel) (MC-12, 15, C-13, 14, 16, 18, 19).

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock handling; diesel for biomass handling and shipping; diesel and electricity for biomass transportation to customer. Diesel consumption value by vehicles used at pellet plant is based on actual refuelling data obtained in accountancy; electricity consumption value by pellet plant is based on invoices issued by electricity supplier on a monthly basis.

Sawdust, wood chips with bark, as well as substandard pellets are used for drying (burning). Production operators provide daily moisture measurements (feedstock before and after drying, as well as produced pellets). All the above data are summarized in the form of a single Excel file with appropriate tabs for all characteristics. The correctness of the indicated values is checked and confirmed by the primary forms of accounting.

When reconciling the data, it was found that according to the excel accounting file “Consumption of raw materials and production of pellets by PIK BIO LLC 2021”, pellet production received 3555 m3 more raw materials compared to the excel accounting log for the acceptance of certified materials – Major condition 12 was set.

5.4 Competency of involved personnel

The following key staff members are involved to SBP certification:

- SBP in-charge (SBP manager). He maintains the organization's compliance with applicable SBP requirements, oversees the SBP management system, analyzes procedures, evaluates and updates the SBP management system, SBP documents and procedures. For SBRs he requests from suppliers the information on the regions of feedstock origin. SBP manager ensures sufficient qualifications of employees responsible for SBP, conducts SBP training with a record in the training protocol, processes received comments or complaints in accordance with the Complaints Procedure. He also checks the implementation of procedures by the staff involved in the SBP system, provides customers with the latest approved SAR version (if not already loaded automatically into DTS).

- controller. He provides preparation of data for SAR.

- head of sales department. He logs SBP transaction information to the DTS as well as DBSD.

- director, responsible for labor protection. He ensures compliance with labor protection standards, collects data for SAR on shipping routes (starting and ending points of the route, type of vehicle, distance traveled, vehicle load) and provides storage of documentation.

The training requirements for personnel within the SBP requirements are specified in Section 5 of the SBP Guidance. It provides for annual training of responsible persons in the certification requirements.

The certificate holder provided the protocols of the trainings for the requirements of SBP certification of key responsible employees (dated 15.01.2021, 04.10.2021, 23.10.2021 and 13.12.2021). During the survey of responsible employees, their familiarization with the certification requirements was confirmed. Wherein:

- the current SBP Guidance of PIK-BIO LLC version 1.2 came into force on 02.02.2022. No evidence has been provided of familiarization of key responsible persons with the current Guidance.

- the interviewed operator of the front loader explained that only certified raw materials should be used to produce pellets, at the same time, he confirmed the use of raw materials from the supplier IP Vychegzhanin D.V. from the Carmack and R-200 production lines, the certificate of which (FC-COC-001312 / FC-CW-001312) was suspended from 02.11.2021. Thus, this raw material could not be used either as a raw material to produce pellets or for drying raw materials (for burner).

- during a survey of employees of the sales department, it was confirmed that all pellets in the reporting period were sold as SBP certified, although due to the absence of some transactions in DTS, only a part of the shipped pellets were sold as SBP certified.

The above aspects have been summarized as a Major condition 05.

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-001327 (01)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	6.2 The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant secondary feedstock.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the non-compliance form with the specified data was not shown). During the current second surveillance audit, PIK-BIO LLC demonstrated the lists of certified suppliers approved on 16.03.2021 and 21.02.2022. During the period, PIK-BIO LLC received certified secondary feedstock from three suppliers. For the indicated suppliers, the certificate holder collected (in electronic form) lease agreements and forest declarations. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 01 was transferred to Major Condition 01.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001328 (02)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During	

the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). For the current (second control) assessment, the certificate holder prepared an up-to-date SBR on the SBP portal (https://portal.sbp-cert.org/index). During the check of SBR on the portal, its compliance with the requirement of the clause of the standard was confirmed with the exception of the following points: - the certificate holder did not provide SBR with a link to its placement on the PIK-BIO LLC website (see Weblink to SBR on Company website); - the certificate holder has indicated the species of trees in the primary feedstock used, while the primary feedstock is not used by the certificate holder. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 02 was transferred to Major Condition 02.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001329 (03)	**NC Grading: Major**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	8.5 In all cases the BP shall implement all relevant aspects of this Standard including sections: 6. Determination of origin, 7. Supply Base Report, 15. Management system, 19. Credibility of the SBR, and 20. Comments or complaints.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). For the current (second surveillance) audit, the certificate holder prepared an up-to-date SBR on the SBP portal (https://portal.sbp-cert.org/index). During the check of SBR on the portal, its compliance with the requirement of the clause of the standard was confirmed with the exception of the following points: - the certificate holder did not provide SBR with a link to its placement on the PIK-BIO LLC website (see Weblink to SBR on Company website); - the certificate holder has indicated the species of trees in the primary feedstock used, while the primary feedstock is not used by the certificate holder. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 03 was transferred to Major Condition 03.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A

Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001330 (04)	**NC Grading: Major**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.4 The management system shall identify the personnel responsible for implementing systems and procedures.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). The certificate holder demonstrated the updated SBP Manual of PIK-BIO LLC, in section 5 of which the employees responsible for the organization's compliance with the SBP requirements, as well as for their implementation, are identified. In particular, the SBP Guidelines take into account the responsibility of the head of sales for recording transactions in DTS. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 04 was transferred to Major Condition 04.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001331 (05)	**NC Grading: Major**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.7 Relevant personnel shall be informed promptly of any changes to management systems.

Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). The certificate holder provided the protocols of the conducted trainings for the requirements of SBP certification of key responsible employees (dated 15.01.2021, 04.10.2021, 23.10.2021 and 13.12.2021). During the survey of responsible employees, their familiarization with the certification requirements was confirmed. Wherein: - the current SBP Manual of PIK-BIO LLC version 1.2 came into force on 02.02.2022. No evidence has been provided of familiarization of key responsible persons with the current Guidance. - the interviewed operator of the front loader explained that only certified raw materials should be used for the production of pellets, at the same time, he confirmed the use of raw materials from the supplier IP Vychegzhanin D.V. from the Carmack and R-200 production lines, the certificate of which (FC-COC-001312 / FC-CW-001312) was suspended from 02.11.2021. Thus, this raw material could not be used either as a raw material for the production of pellets or for drying raw materials (for combustion). - in the course of a survey of employees of the sales department, it was confirmed that all pellets in the reporting period were sold as SBP certified, although due to the absence of some transactions in DTS, only a part of the shipped pellets were sold as SBP certified. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 05 was transferred to Major Condition 05.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001332 (06)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the non-compliance form with the specified data was not shown). In the reporting period, the second surveillance audit of PIK-BIO	

LLC was carried out along the FSC supply chain, which confirmed the elimination of previously identified (and taken into account in “objective evidence”) minor inconsistencies. At the same time, at the second FSC COC surveillance audit, 1 condition was issued according to paragraph 2.2 of FSC-STD-40-004 v.3-1, which has not been eliminated at the moment. At the current second SBP surveillance audit, the interviewed operator of the front loader explained that only certified raw materials should be used for the production of pellets, at the same time, he confirmed the supply of raw materials to the pellet plant from the supplier IP Vychegzhanin D.V. from the Carmack and R-200 production lines, the certificate of which (FC-COC-001312 / FC-CW-001312) was suspended from 02.11.2021. Thus, this raw material could not be used as a feedstock for the production of pellets. Upon request, the auditor was provided with: - bills of lading for third-party feedstock arriving at PIK-BIO LLC, as well as acceptance and delivery certificates for substandard sawlog processing waste to a disposal facility; - excel log of certified materials acceptance; - accounting excel file "Consumption of raw materials and pellet production of PIK BIO LLC 2021" and a summary excel accounting file "Data Review". When reconciling the indicated materials, it was found that according to the excel accounting file “Consumption of raw materials and production of pellets by PIK BIO LLC 2021”, pellet production received 3,555 m3 more raw materials compared to the excel accounting log for the acceptance of certified materials. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 06 was transferred to Major Condition 06.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001333 (08)	**NC Grading: Major**
Standard:	SBP Standard 5: Collection and Communication of Data Instruction
Requirement:	5.1 All data submissions must be supported by appropriate evidence.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the non-compliance form with the specified data was not shown). PIK-BIO LLC was prepared and posted on the SBP portal the current SBR. The information specified in the SBR has been clarified by the person responsible for certification of the certificate holder, with the exception of the following points: - the value of the area of certified forests of the supply area (Supply base, e. Certified forest by scheme (million ha):14.12 (FSC)) has not been documented; - the indication of tree species for the primary raw materials used (d. List of all the species in primary feedstock, including scientific name) is not relevant due to the use of only secondary feedstock for the production of pellets. An updated SAR has been prepared by the certificate holder with data for the new reporting period. In the course of explaining and confirming the SAR values, the officer responsible for certification identified isolated issues: - in section 3.1 SAR Design capacity is calculated taking into account the capacity of 2500 tons/hour, while in section Appendix 2 the capacity is 2000 tons/hour. - the moisture content of the raw materials after drying was not explained (documented) -	

the value is 10%; - the value of SDE+ cat5 pellets sold (section 5 SAR) has not been confirmed - SAR indicates 7694.289 tons, while according to the DTS unloading, the sales of SBP pellets amounted to 6720.844 tons, of which only 2232.389 were sold under DBSD tons. The remaining values in the SAR have been clarified and confirmed. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 08 was transferred to Major Condition 08.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001334 (09)	**NC Grading: Major**
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	5.1.1 All transactions shall be recorded in the DTS.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was exposed on this requirement (it was taken into account in clause 5.1.1 of Instruction 5E version 1.4). During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). During the audit, excel-accounting "invoices Zvezda 20" was evaluated, in which all invoices for the reporting period are collected. When checking the invoices, the indication of the SBP certificate code in them was confirmed. The interviewed representatives of the sales department confirmed that all products sold were shipped as SBP-certified. At the same time, when reconciling the mass of sold pellets from the excel accounting “consumption and production of pellets by PIK-BIO LLC in 2021” (14267.04 tons) and unloading from DTS (6720.844 tons), it was confirmed that not all pellets were sold as SBP certified, which is inconsistent with verified invoices. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 09 was transferred to Major Condition 09.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001335 (10)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.3.1 All feedstock processed by the BP in the Reporting Period for making the biomass product shall be grouped. It may be grouped in a way that makes operational sense to the BP. In the case of multiple transport steps for a Feedstock Group record data by adding one line and merging other columns.
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was exposed on the specified requirement (it was taken into account in clause 6.3.1 of Instruction 5E version 1.4). During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). The current SAR provided at the current audit summarizes the raw materials used for the production of pellets into a single category - sawdust. According to the excel-files of the accounting, in the reporting period, no other feedstock were used for the production of pellets (for drying raw materials, sawdust, wood chips with bark, as well as substandard pellets were used for burning). Thus Section 2.1 of the SAR contains correct data on the feedstock used. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 10 has been transferred to Major Condition 10.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001336 (11)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.5.3 The BP shall justify the data and methodology used for reporting energy and carbon data and this shall be recorded in the SAR and verified by the CB.

Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was exposed on this requirement (it was taken into account in clause 6.5.3 of Instruction 5E version 1.4). During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the NC form with the specified data was not shown). An updated SAR has been prepared by the certificate holder with data for the new reporting period. In the course of explaining and confirming the SAR values, the officer responsible for certification identified isolated issues: - in section 3.1 SAR Design capacity is calculated taking into account the capacity of 2500 tons/hour, while in section Appendix 2 the capacity is 2000 tons/hour. - the moisture content of the feedstock after drying was not explained (documented) - the value is 10%; - the value of SDE+ cat5 pellets sold (section 5 SAR) has not been confirmed - SAR indicates 7694.289 tons, while according to the DTS unloading, the sales of SBP pellets amounted to 6720.844 tons, of which only 2232.389 were sold under DBSD tons. The remaining values in the SAR have been clarified and confirmed. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 11 has been transferred to Major Condition 11.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001337 (12)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.2.2 Only the following feedstock inputs shall be considered to be SBP-compliant feedstock • Feedstock received with an SBP-approved Forest Management Scheme Claim or SBP-approved recycled claim. • Feedstock sourced from within the BP’s defined Supply Base (SB) and for which a valid Supply Base Evaluation (SBE) has determined that all the indicators in the SBP Feedstock Compliant Standard are low risk. • Feedstock sourced within the scope of the BP’s own SBP-approved Chain of Custody (CoC) System certification, for example, non-certified reclaimed feedstock sourced in compliance with FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC. Note: Feedstock received in compliance with SFI Fiber Sourcing requirements is not considered to meet SBP-certified feedstock or Controlled Feedstock requirements. Note: Section 5.2.4 below specifies requirements relating to partial claims. • Post-consumer tertiary feedstock sourced following the requirements of Instruction Note 4A, SBP tertiary feedstock requirements.
Description of Non-conformance and Related Evidence:	
The requirement of the paragraph of the standard is taken into account in the SBP Guidelines of PIK-BIO	

LLC. The interviewed certification officer confirmed that only FSC 100% raw materials are considered SBP-compliant feedstock. At the current second SBP surveillance audit, the interviewed operator of the front loader explained that only certified feedstock should be used for the production of pellets, at the same time, he confirmed the supply of raw materials to the pellet plant from the supplier IP Vychegzhanin D.V. from the Carmack and R-200 production lines, the certificate of which (FC-COC-001312 / FC-CW-001312) was suspended from 02.11.2021. Thus, this feedstock could not be used as a raw material for the production of pellets. Upon request, the auditor was provided with: - bills of lading for third-party feedstock arriving at PIK-BIO LLC, as well as acceptance and delivery certificates for substandard sawlog processing waste to a disposal facility; - excel log of certified materials acceptance; - accounting excel file "Consumption of raw materials and pellet production of PIK BIO LLC 2021" and a summary excel accounting file "Data Review". When reconciling the indicated materials, it was found that according to the excel accounting file "Consumption of raw materials and production of pellets by PIK BIO LLC 2021", pellet production received 3555 m3 more raw materials compared to the excel accounting log for the acceptance of certified materials (which also causes a risk entry of non-certified feedstock into pellet production). The identified omission concerns a significant part of the PIK-BIO LLC management system; a decision was made to assess it as a Major condition.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001338 (15)	**NC Grading: Major**
Standard:	SBP Standard 4: Chain of Custody
Requirement:	6.1.1 All inputs downstream of the biomass production process where mixing of SBP-compliant biomass with non-SBP compliant biomass takes place, shall have been determined to be EUTR compliant and shall have been subjected to 'due diligence'. Note: The core of the 'due diligence' notion is that legal owners undertake a risk management exercise so as to minimise the risk of placing illegally harvested timber, or, timber products containing illegally harvested timber on the EU market. The three key elements of the 'due diligence system' are: • Information: The legal owner must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation. • Risk assessment: The legal owner should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation. • Risk mitigation: When the assessment shows that there is a risk of illegal timber in the supply chain that the risk can be mitigated by requiring additional information and verification from the supplier. Additional sources of information include http://ec.europa.eu/environment/forests/pdf/Basic%20minimum%20description%20of%20a%20DDS.pdf and http://ec.europa.eu/environment/forests/timber_regulation.htm

Description of Non-conformance and Related Evidence:	
SBP Guidelines of PIK-BIO LLC do not provide for the use of non-FSC-certified feedstock (i.e., non-SBP-compliant feedstock) for the production of pellets, and therefore the system determines a low level of risk of illegal wood entering the production and indicates that no no additional risk mitigation measures are required. At the current second SBP surveillance audit, the interviewed operator of the front loader explained that only certified raw materials should be used for the production of pellets, at the same time, he confirmed the supply of raw materials to the pellet plant from the supplier IP Vychegzhanin D.V. from the Carmack and R-200 production lines, the certificate of which (FC-COC-001312 / FC-CW-001312) was suspended from 02.11.2021. Thus, this feedstock could not be used as a feedstock for the production of pellets. Upon request, the auditor was provided with: - bills of lading for third-party feedstock arriving at PIK-BIO LLC, as well as acceptance and delivery certificates for substandard sawlog processing waste to a disposal facility; - excel log of certified materials acceptance; - accounting excel file "Consumption of raw materials and pellet production of PIK BIO LLC 2021" and a summary excel accounting file "Data Review". When reconciling the indicated materials, it was found that according to the excel accounting file “Consumption of raw materials and production of pellets by PIK BIO LLC 2021”, pellet production received 3555 m3 more raw materials compared to the excel accounting log for the acceptance of certified materials (which also causes a risk entry of non-certified feedstock into pellet production). The identified omission concerns a significant part of the PIK-BIO LLC management system; a decision was made to assess it as a Major condition.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-001339 (13)	**NC Grading: Minor**
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.
Description of Non-conformance and Related Evidence:	
The certificate holder provided an excel file “Consumption of raw materials and production of pellets by PIK-BIO LLC 2021”, according to which 34,173.86 m3 of sawdust were used during the reporting period (2021), from which 14,179.85 m3 of pellets were obtained. The yield coefficient of pellets, equal to 0.41, is consistent with the data of the approved yield coefficients for finished products. As part of the audit, the following were also assessed: - bills of lading for third-party feedstock arriving at PIK-BIO LLC, as well as acceptance and delivery certificates for substandard sawlog processing waste to a disposal facility; - excel log of certified materials acceptance; - accounting excel file "Consumption of raw materials and pellet production of PIK BIO LLC 2021" and a summary excel accounting file "Data Review". When reconciling	

the indicated materials, it was found that according to the excel accounting file “Consumption of raw materials and production of pellets by PIK BIO LLC 2021”, pellet production received 3,555 m3 more raw materials compared to the excel accounting log for the acceptance of certified materials. When taking into account the volume of raw materials received into production from the excel log for accounting for the acceptance of certified materials, the estimated output coefficient is 0.47, which is at odds with the approved coefficients. A decision was made to assess the identified temporary omission as a Condition.	
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

NC number NC-001340 (14)	**NC Grading: Minor**
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.4.1 Biomass supplied with an SBP claim shall, in addition to meeting the requirements specified in the SBP-approved CoC system being implemented, be supplied with the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product – this must correspond to the description of the product given in the input and output records d) The quantity of the products sold with specific batch data
Description of Non-conformance and Related Evidence:	
The certificate holder provided for the indication of the information required by the paragraph of the standard in the SBP Guidelines of PIK-BIO LLC. During a random check of documents for the sale of certified pellets, their compliance with the indicator requirement was confirmed, with the exception of single omissions: - Invoices No. 88 and 89 dated March 31, 2021 indicate the certificate codes SBP-SBP-09-08-10 without SBP claims, and in the corresponding packing lists SBP-09-08 codes with the SBP-compliant biomass claim; - indication in invoices No. 143 dated 23.06.2021 and No. 153 dated 30.06.2021 of the certificate code SBP-07-77 (certificate code of the previous certification body, transfer date 25.02.2021) with the FSC certificate code of the current certification body (FC-COC -001273); FSC and SBP claims are correct. The omissions identified are temporary and non-systemic; a decision was made to assess them as a Condition.	
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

NC number NC-001341 (16)	**NC Grading: Minor**
Standard:	SBP Standard 4: Chain of Custody
Requirement:	IN 4B; 1.2 In order to use the SBP trademarks, the organisation shall have signed the SBP trademark licence agreement.
Description of Non-conformance and Related Evidence:	
The certificate holder provided the signed License Agreement on the use of the certification trademark version SBP Certification Trade Mark License Agreement ENG-RUS_17Dec2019. The current License Agreement version SBP Certification Trade Mark License Agreement 2019 ENG-RUS_03Apr2020 has not been provided. The identified omission is not systemic, and therefore it was assessed as a Condition.	
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

NC number NC-001342 (17)	**NC Grading: Minor**
Standard:	SBP Standard 5: Collection and Communication of Data Instruction
Requirement:	8.1 Each BP is required to publish a publicly available Supply Base Report (SBR).
Description of Non-conformance and Related Evidence:	
The certificate holder demonstrated the SBR prepared on the SBP portal (https://portal.sbp-cert.org/index) containing up-to-date information on the resource base of PIK-BIO LLC. The information on the SBP Portal is not publicly available. Previously, the certificate holder posted publicly available information about their activities and their compliance with certification requirements on their official website. At the time of the audit, the site of PIK-BIO LLC is unavailable, therefore. The current SBR of PIK-BIO LLC is not publicly available. The identified omission is temporary and not systemic; a decision was made to assess	

it as a Condition.	
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

NC number NC-001343 (18)	**NC Grading: Minor**
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	5.1.4 A complete DTS Transaction consists of the following data items: a) Transaction Date; b) Transaction Reference; c) One or more Production Batch ID (PBid); d) One or more mass (of certified Biomass from the referenced PBid); e) One or more SBP Product Type; f) One or more SBP Claim; g) Originating Legal Owner (supplier); h) Receiving Legal Owner (customer); i) DBSD (if applicable); j) Transaction documents (if applicable)
Description of Non-conformance and Related Evidence:	
As part of the assessment, transactions were uploaded from DTS for 2021. When checking transactions, they were confirmed to comply with the clause of the standard, with the exception of the following omissions: - there is no data in the Transaction Reference column on the Outgoing Transactions tab; - in separate transactions, in the Production batch id column on the Transaction Batch Data tab, PBid SBP-09-08-00-00 is indicated, while according to SAR from the last audit, SBP-09-08-05 - SBP-09-08-10 are declared as SDI. The identified omissions are not systemic; a decision was made to assess them as a Condition.	
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

NC number NC-001344 (19)	**NC Grading: Minor**

Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	5.2.5 All biomass produced within the Reporting Period and delivered with DBSD must be reported in Section 5 of the SAR.
Description of Non-conformance and Related Evidence:	
The certificate holder provided the current SAR, in section 5 of which the sales of pellets in the reporting period SDE + cat5, equal to 7694.289 mt. According to DTS unloading data (DBSD v1.4 (ACTIVE) tab), 1781.55 tons of pellets of this category were sold in the reporting year 2021. In view of the identified temporal discrepancy in the accounting data, it was decided to assess this omission as a Condition.	
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

NC number NC-001345 (20)	**NC Grading: Observation**
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.2.7 The Legal Owner shall record the most operationally specific and detailed data that is practically available. Variable data shall never be older than 18 months. The methodology used and the justification for the data selection shall be recorded in the SAR. All mass and energy flows must be evaluated for the complete Reporting Period. Any derogation must be justified and recorded in the SAR.
Description of Non-conformance and Related Evidence:	
In the course of checking the current SAR and available excel credentials, it was confirmed that: - the certificate holder records the most detailed practically available data. The only thing is that SAR section 3.5.2 indicates the moisture content of feedstock after drying from open sources, while PIK-BIO LLC keeps records of these data, performs appropriate measurements and has actual values that can be registered in SAR; - no data older than 18 months; - the rationale for the choice of data is given; - data for the entire reporting period are used. No violations of the requirements of the instruction paragraph were identified.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A

Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-001385 (07)	**NC Grading: Major**
Standard:	SBP Standard 4: Chain of Custody
Requirement:	6.3.1 The legal owner shall implement the requirements of either: PEFC 2002:2013 Section 9: Social, Health and Safety requirements in CoC, Or FSC-STD-40-004 V2-1 EN Section 1.6: Occupational Health and Safety Or the latest versions of these documents
Description of Non-conformance and Related Evidence:	
At the last (first surveillance) audit, a condition was identified for this paragraph of the standard. During the current second surveillance audit, the certificate holder did not provide evidence of the analysis of the causes of non-compliance and corrective actions (at the request of the auditor, the non-compliance form with the specified data was not shown). The certificate holder presented evidence of compliance with the health and safety requirements, regulated by paragraph 1.4 of FSC-STD-40-004 V3-1: documents confirming the appointment of an employee responsible for health and safety, procedures and instructions for health and safety, training logs for health, safety and fire safety (in the fire safety briefing register there are no entries for the technologist, for the working crane operator the last briefing was in February 2021; in the occupational safety briefing register the last entry is for October 2021, there are no later entries). During the visit to the production site, no violations of the standard item were identified. Fire shields located throughout the territory are equipped with the necessary fire-fighting equipment. Employees are provided with proper special. clothes. In view of the foregoing, due to the lack of documented evidence of an analysis of the causes of the nonconformity and corrective actions confirming their elimination, Condition 07 was transferred to Major Condition 07.	
Timeline for Conformance:	Other
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):	Oleg Konyushatov
Date of decision:	16 May 2022
Other comments:	N/A