



NEPCon OÜ Evaluation of Sawmill 25 JSC, Maimaksa 3 site Compliance with the SBP Framework: Public Summary Report

NCR-verification audit

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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:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Nikolai Tochilov
Audit team members:	nikolai
Name of the Company:	Sawmill 25 JSC, Maimaksa 3 site
Company legal address:	Ul. Rodionova 25, Arkhangelsk region, 163026 Arkhangelsk, Russia
Company contact for SBP:	Natalya Klyukina
Company contact email:	klyukina.natalya@sawmill25.ru
Company website:	www.sawmill25.ru
SBP Certificate Code:	SBP-07-71
Date of certificate issue:	20 Mar 2020
Date of certificate expiry:	19 Mar 2025
Audit closing meeting date:	01 Jun 2021
Audit cycle:	NCR-verification 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 1.3	☐
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:	Not applicable	☐
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		☐
Chain of custody system implemented:	FSC: NC-COC-014261	☐
	Credit	☐

2.1 Description of the company

Maimaksa 3 is one of 3 sites of Sawmill 25 JSC. Sawmill 25 JSC is a primary processor (sawmilling) and a secondary processor (biomass producer) located in the Arkhangelsk region, Russia. The BP holds a valid FSC CoC certificate and uses FSC certified secondary feedstock (sawdust and woodchips) with FSC Mix Credit claim for FSC/SBP certified pellet production. In dryer BP uses bark and residues from sawmilling. All incoming roundwood is covered by the FSC CoC certificate. To produce wood pellets and for heating the BP uses only secondary feedstock, coming from its own primary production (sawmill). For all products, including wood pellets, the FSC credit system is implemented to control FSC claims. Pellets with an FSC Mix Credit claim could be sold as SBP-compliant biomass, with an FSC Controlled Wood claim – as SBP-controlled biomass. The final product may be transported by vessels to different endpoints in Europe, on CIF delivery conditions. Annual production capacity of wood pellets is 90 000 tons.

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a0240000005sTvEAAU&type=certificate> covering the primary (sawmilling) and secondary (wood working, pellet production) wood processing. Only secondary feedstock (sawdust, wood chips, bark and sawmilling residues) with FSC Mix Credit and FSC Controlled Wood claims are used for pellet production and FSC credit system of claims is implemented (all pellets have FSC Mix Credit or FSC Controlled Wood claims respectively). The BP calculates a conversion factor based on actual information on input and output volumes (measurement of the number of front loader buckets and weighing of pellets). There is no invoicing inside the organisation. Instead, the economic and planning department prepares on a monthly basis an internal report on the secondary feedstock inputs to pellet production. It includes a description of the feedstock (sawdust, wood chips, bark, and dust) and the volume of physical input (based on actual volume of feedstock used) and the certified status of the material. The only supplier of roundwood is ICE Titan LLC <https://info.fsc.org/details.php?id=a0240000005sUgQAAU&type=certificate>.

3 Specific objective

Objective is to evaluate the corrective actions implemented by the CH to close the Major NCR issued during the last annual audit

4 Evaluation process

4.1 Timing of evaluation activities

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

Audit Schedule			
Activity	Location	Auditor name	Date/time
Corrective actions evaluation	Desk	NT	01 Jun 2021/9

Auditor qualification		
Auditor name	Role	Qualification
NT	Lead auditor	Preferred by Nature SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 50 SBP assessments and annual audits in

		Russia, Portugal, Germany, Netherlands, Belgium, Latvia, Belarus and Vietnam
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4.2 Description of evaluation activities

Corrective actions evaluation

4.3 Sampling methodology

N/A

4.4 CB stakeholder engagement

N/A

4.5 Stakeholder feedback

N/A

5 Results

5.1 Main strengths and weaknesses

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

Weaknesses: See NCR section here and in the 1st annual audit

5.2 Rigour of Supply Base Evaluation

N/A

5.3 Collection and communication of data

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

5.4 Competency of involved personnel

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

- BP's management (appointment of SBP responsible, anti-bribery policy and code of conduct, trade and tax legislation, EUTR requirements and DDS implementation);
- SBP responsible person/deputy production manager (SBP procedures and systems updates, SAR, SBR, SREG (if applicable), SDIs, complaints);
- Head of export department (credit account, distances, SREG (if applicable), DTS, sales);
- Head of pellet mill (moisture measurements);
- Boiler room manager (biofuel moisture measurements);
- Deputy chief engineer (registration of electricity and biofuel consumption, CHP data collection);
- Head of economic and planning department (registration of inputs and outputs, conversion factor updates, registration of diesel consumption);
- Head of forest products supply department (Chain of custody, SBR);
- Separate H&S responsible (H&S implementation).

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

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/A

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-000404 (01/21) NC Grading: Major	
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:	
Engineering calculations have been done by audit team to verify the mass balance between input and output for pellet production: $(100 - 51,8) / (100 - 6,9) = 0,517$, Where 51,8 is the average feedstock moisture,%, and 6,9 is the average biomass moisture, %. $132454,3$ (tons of feedstock submitted to the pellet plant in the reporting period) $\times 0,517 = 68479$ tones (of biomass could be produced) Actual production was 78 662,042 tones. The discrepancy between engineering calculation and actual production is -14,8%. While audit team acknowledges that the discrepancy between engineering calculation and the actual biomass production may exist, Organisation was not able to justify the reasons for that.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Analysis of the root cause / Пояснительная записка по анализу причин выявленного несоответствия
Findings for Evaluation of Evidence:	BP has identified and analyzed the following potential causes of the discrepancy between engineering calculations and actual production data: 1) implementation of incorrect factor to convert bulk m3 to solid m3 2) incorrect determination of the average moisture value for the feedstock used in pellet production 3) mistake in determination of the amount of the feedstock (sawdust) submitted to the pellet production (in bulk m3). The following results were received. 1) To convert bulk m3 to solid m3, conversion factor 0,28 is used, as per National Standard GOST 18320-78 for sawdust, and 0,36 (as per National Standard GOST15815-83 for wood chips. BP has implemented actual measurements to verify the conversion factor. Two measurements have been done by chief technologist both for sawdust and for wood chips. The conclusion of the measurements is that actual conversion factors from bulk to solid m3 is in compliance with the National Standard. 2) Feedstock for pellet production is a mixture of the sawdust and wood chips. Moisture measurements for the feedstock are done 8 times per day. To verify if such frequency of measurements is enough or not, BP measured the moisture of the feedstock once per hour during 24 hours. Comparison of the average moisture values for the measurements done once per hour and 8 times per day confirmed that the moisture measurement frequency already implemented by BP is enough. 3) Based on 10 measurements of the amount of sawdust grabbed by the bucket of the loader it was found that the sawdust is grabbed with a top, and the height of the top in the bucket is each time

different. The average volume of the sawdust in the bucket is 1,82 m³ (or 14%) more than the volume of the bucket specified by bucket producer and used by BP in production accounting. To address the non-conformity, the following corrective actions were implemented: - actual volume of the bucket (3,64 solid m³ for sawdust and 4,68 m³ for wood chips) shall be used in production accounting. This volume is based on actual measurements of the amount of sawdust and wood chips in bucket without a top. - front-end loader operators are requested to submit the sawdust and wood chips in buckets without a top. - stricter control is organized to count the number of bucket deliveries to the pellet production. - amount of sawdust and wood chips delivered to the pellet plant in the reporting period is recalculated.

Организация выявила и проанализировала следующие потенциальные причины расхождений между теоретическим расчетом и фактическим результатом производства: 1) использование некорректного коэффициента перевода насыпных м³ в плотные м³ 2) некорректное определение среднего значения влажности сырья, использованного в производстве пеллет 3) ошибка в определении количества опилок (в насыпных м³), подаваемых в производство Были получены следующие результаты. 1) Для перевода насыпного объема в плотные кубометры используется переводной коэффициент 0,28 по ГОСТ 18320-78 «Опилки древесные технологические для гидролиза. Технические условия» (для опилок) и переводной коэффициент 0,36 по ГОСТ 15815-83 «Щепа технологическая. Технические условия» (для щепы). На предприятии были произведены опытные замеры для определения правильности применения переводного коэффициента. Всего было произведено два замера, как для опилок, так и для щепы; их производил старший технолог производства. По итогам замеров сделан вывод, что фактические коэффициенты перевода из насыпного объема в плотные соответствуют ГОСТ. 2) Сырьем для производства гранул является смесь опилок и щепы. Замеры влажности сырья производятся 8 раз в сутки (4 раза в смену) на подающем опилочном транспортере. Для проверки достаточности частоты измерений были сделаны замеры в течение суток каждый час. По итогу вычисления средних значений влажности при замерах каждый час и 8 раз в сутки показывает, что принятая на предприятии частота измерений влажности является достаточной для определения корректной средней влажности. 3) После десяти опытных замеров количества опилок, забираемых ковшом погрузчика, и просмотра записей с видеокамер получили, что подача опилка осуществляется в ковше с разной высотой горки и средний объем опилка в ковше больше данных производителя ковша, принятых на предприятии для учета, в среднем на 1,82 м³ (на 14 %). В целях устранения несоответствия, для дальнейшего учета сырья: - принят фактический объем ковша - 3,64 плотных м³ (опилки) и 4,68 плотных м³ (щепа), полученный путем фактических замеров объема сырья в ковше (без горок); - выпущено распоряжение для водителей погрузчиков о подаче опилка в пеллетный цех в количестве, равном объему ковша (без горки), что будет более корректным; - усилен контроль за учетом количества ковшей; - пересчитан объем опилка за отчетный период.

NC Status:	Closed
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NC number NC-000405 (02/21)		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:		
Organisation on a yearly basis calculates the conversion factor for pellet production, comparing the amount of sawlogs input to the sawmilling production with the amount of biomass output at pellet production. For example, based on actual production results during 2019, for the year 2020 the conversion factor was determined as 10 solid m3 sawlogs / 1 metkic tone biomass. This conversion factor was used in 2020 to maintain and update the FSC credit account, for calculation of the credits available for pellet production with FSC Mix Credit and FSC Controlled Wood claims. At the same time, Organisation constantly monitors and registers the actual amount of the feedstock (sawdust and wood chips) submitted to the pellet production. This monitoring is based on registration of amount of the bucket deliveries by the front-end loader. Obtained data on feedstock amount is used in SAR document (table 2.1), as well as entered to a separate SBP credit account; however this data is not used in FSC credit account to adjust the conversion factor value there. Available amounts of credit for pellets entered to the FSC credit account (for example, with FSC Mix Credit claim) do not correspond available amounts of credit for pellets entered to the SBP credit account (correspondingly, for SBP-compliant biomass claim).		
Timeline for Conformance:	3 months from the report finalisation	
Evidence Provided by Company to close NC:	Updated credit account / Обновленный кредитный счет Updated SBP procedure / Обновленная письменная процедура SBP	
Findings for Evaluation of Evidence:	The root cause of the non-conformity was identified by Organisation as the following: FSC credit account has been maintained by Organisation much earlier, therefore Organisation considered that the SBP credit account shall be maintained separate. To address the non-conformity, both credit accounts have been joined, and the feedstock input amounts have been corrected starting from January 2020, as per corrective actions implemented in NCR 01/21. Проведенный Организацией анализ показал, что причина значительного несоответствия заключается в том, что кредитный счет FSC в Организации велся с гораздо более раннего времени, а потому сотрудники считали, что кредитный счет SBP должен вестись отдельно. С целью устранения несоответствия кредитные счета по	

	FSC и по SBP были объединены в один счет, а объемы сырья, поступившего на кредитный счет, были скорректированы согласно результатам корректирующих действий, примененных в рамках NCR 01/21, начиная с января 2020 г.
NC Status:	Closed

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):	Ondrej Tarabus
Date of decision:	09 Jun 2021
Other comments:	N/A