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

Second Surveillance Audit

www.sbp-cert.org

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

Version 1.0: published 26 March 2015

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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:	Aleksandra Paikacheva
Name of the Company:	SPLG LTD
Company legal address:	Lit. ZH, bld. 93, Leningradskaya str., Pargolovo, 194362 Saint-Petersburg, Russia
Company contact for SBP:	Andrey Martynenko
Company contact email:	5967586@mail.ru
Company website:	http://tikhvinpellets.com/
SBP Certificate Code:	SBP-07-49
Date of certificate issue:	06 Feb 2020
Date of certificate expiry:	05 Feb 2025
Audit closing meeting date:	21 Dec 2021
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	☐
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-643246	☐
	Percentage	☐

2.1 Description of the company

BP is relatively small company having legal address in Saint-Petersburg and production site in Tikhvin, Leningrad region, Russia. Total number of staff is app. 20. The pellet plant production capacity is 30 000 tonnes/year. The following feedstock inputs have been used by the pellet plant in the reporting period: - Chips from external supplier (sawmill); - Biomass (defective wood pellets) which could not be sold by the other biomass producer due to poor quality characteristics. Final product is usually packed in big bags and transported by trucks to Saint-Petersburg harbor. All certified feedstock types mentioned above have been purchased with FSC 100% claim.

2.2 Detailed description of the Chain of Custody system

The certificate scope covers the office in S.Petersburg and pellet production site in Tikhvin, Leningrad region. BP holds valid FSC CoC certificate http://info.fsc.org/details.php?id=a023300000WUaEwAAL&type=certificate&return=certificate.php . BP implements FSC percentage system of claims. Potentially, the feedstock inputs may have the following claims: FSC 100%, FSC Mix Credit, FSC Mix %. The possible output claim is FSC Mix %. In fact, in the reporting period BP was sourcing only FSC 100% inputs. Certified biomass was sold with FSC Mix 100% claim. BP also sources non-certified and non-controlled secondary feedstock, which is handled and processed physically separate from certified feedstock. It is also not used as a biofuel for certified feedstock drying.

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

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Nikolai Tochilov, Aleksandra Paikacheva	0,5
2. On-site (excl. travel time)	Nikolai Tochilov, Aleksandra Paikacheva	9,0
3. Report writing	Nikolai Tochilov	5,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/9:00
Review of SBP documented procedure	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/09:15
Review of FSC CoC procedure and critical control points	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/10:00
Review of the management and monitoring	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/11:00

system			
Review of the Supply Base	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/12:00
H&S, anticorruption policy, taxes payment	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/13:00
Energy use data review	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/13:30
End of the day	BP's office	Nikolai Tochilov, Aleksandra Paikacheva	29 Nov 2021/17:00
Onsite inspection of the pellet plant; staff interviews and documents review	Pellet plant in Tikhvin, Leningrad region	Aleksandra (onsite), Nikolai (desk-based)	21 Dec 2021/17:00
Closing meeting and end of evaluation	Pellet plant in Tikhvin, Leningrad region	Aleksandra (onsite), Nikolai (desk-based)	21 Dec 2021/18:00

Auditor qualification		
Auditor name	**Role**	**Qualification**
Nikolai Tochilov	Lead auditor	NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 60 SBP assessments and annual audits in Russia, Portugal, Germany, Netherlands, Belgium, Latvia, Belarus and Vietnam
Aleksandra Paikacheva	Trainee auditor	Aleksandra has successfully passed online SBP auditor training in 2020 and participated as trainee auditor in a number of SBP assessments and

		annual audits in Russia.

4.2 Description of evaluation activities

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 Organisation at the beginning of the audit, which started on November 29, 2021 with an opening meeting attended by the representative from Organisation's management.

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

After that audit team 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. Chain of Custody implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and it's classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales. During the process, overall responsible person for SBP system and other staff were interviewed.

On November 30, 2021 it was expected to drive to Tikhvin town and conduct onsite inspection of the pellet plant. However it was cancelled because of the heavy snow storm which came to Saint-Petersburg and Leningrad region. Driving 200 km one way was difficult and unsafe. The onsite inspection was postponed to December 21, 2021. Pellet plant was inspected by Aleksandra Paikacheva who was assisted remotely by Nikolai Tochilov.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 BP management.

4.3 Sampling methodology

Documents: audit team sampled 100% of the documents confirming the feedstock inputs from supplier. Staff: key staff involved in SBP certification was interviewed during the audit. Onsite inspection: all production processes have been reviewed during onsite inspection, starting from the feedstock delivery and ending with the biomass shipping to customers.

4.4 CB stakeholder engagement

N/A

N/A

5 Results

5.1 Main strengths and weaknesses

Strengths: Only FSC 100% secondary feedstock is used for SBP-certified pellet production; small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: none.

5.2 Rigour of Supply Base Evaluation

N/A

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock handling at pellet production site; diesel for biomass handling and transportation to customer. Energy use values are based on combination of actual consumption records (electricity) and engineering calculations (diesel).

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities, during the audit overall responsible person described the role of each involved staff member in detail. Standartization engineer is having overall responsibility for SBP certification (including SBR and SAR completion), DDS and complaints resolution. Chief of the pellet plant is responsible for feedstock and biomass moisture measurements and registration; feedstock input and biomass output registration; biofuels consumption registration. Chief power engineer is responsible for electricity consumption registration. Dispatcher is responsible for diesel consumption registration at pellet productions site.

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-000921 (01/21)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	5 Supply Base
Description of Non-conformance and Related Evidence:	
There is no sufficient assurance in place that the material comes from the defined SB (Leningrad and Novgorod regions of Russia). Two suppliers of the feedstock (sawdust and defective pellets) could not provide to BP any documented evidence describing the area encompassing all places where the feedstock was harvested from (i.e. the location of the tree stump). Considering that information on wood material origin is lacking for 90% of the total certified feedstock supplies in the reporting period, major NCR has been raised.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Letter from the supplier of defective pellets (dated of 16/03/2021) Explanations by Organisation's staff
Findings for Evaluation of Evidence:	Supplier of the defective pellets based on Organisation's request (12/03/2021) submitted the information on wood supply chain up to the level of the forest management units. Supplier has purchased the sawmilling wastes from a single FSC-certified primary processor, who in its turn sourced the roundwood (sawlogs) from a single forest manager holding valid FSC FM/COC certificate. Certified forest management units are located in Leningrad region. Specific names of the suppliers in the supply chain are not included into the report public summary, as this information is considered confidential. As for the FSC-certified sawdust supplier, Organisation was not able to obtain the information on wood origin. According to explanations by Organisation, this was purchase of a single batch, and the contacts with the supplier have been lost. Sawdust was delivered with FSC 100% claim in amount of 58,8 MT. In Organisation's opinion, the route cause of the non-conformity is insufficient understanding of the relevant SBP requirement. As a corrective action, Organisation explained that since now they will request the information on wood origin prior to signing the supply contract. Since the sawdust was supplied in insignificant amount, and had FSC 100% claim, and considering that the route cause analysis was conducted by Organisation, and corrective action was implemented, auditor decided to close the NCR.
NC Status:	Closed

NC number NC-000922 (04/21)	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:	
In SBP Procedure, Section 3.2.1, it is specified that based on production results in the previous reporting period, it is required 3,22 bulk m3 of woodchips/sawdust for production of 1 MT of biomass. Engineering calculations, however, show the following: Conversion factor for wood chips (from bulk to solid m3) is 0,36 – according to Russian state standard GOST 15815-83. 3,22 bulk m3 x 0,36 = 1,16 solid m3. According to BP, in the reporting period the feedstock composition was ½ pine and ½ spruce, and the average moisture value of the feedstock was 50% (w.b.). According to Wood Fuels Handbook (Pristina, 2015), the average mass of such feedstock with 50% moisture value is 0,8095 MT/solid m3. 1,16 solid m3 x 0,8095 MT/solid m3 = 0,93 MT (100-50%)/(100-8%) = 0,54, Where 50% is the average moisture of the feedstock, and 8% is the average moisture of the biomass. 0,93 MT feedstock x 0,54 = 0,50 MT feedstock (would be required to produce 1 MT of the biomass). This can not be true.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Updated SBP Procedure / Обновленное руководство SBP Explanations by Organisation's staff / Пояснения сотрудников Организации.
Findings for Evaluation of Evidence:	Updated SBP procedure (section 3.2.1) includes corrected calculation of the conversion factor, based on which, from 1 MT of the feedstock with specified moisture value and species mix, 0,54 MT of wood pellets may be produced. Engineering calculations of the mass balance done by auditor confirmed this conversion factor. Organisation also explained that the initial conversion factor was specified in SBP procedure with mistakes. But in any case, to confirm the mass balance (and conversion factor) it is necessary to use the actual data o feedstock inputs and biomass outputs, specified in SAR.
NC Status:	Closed

NC number NC-001044 (02/21)	NC Grading: Minor
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:	
The Supply Base Report in general contains all information required by SBP, however the following factual mistakes have been identified by auditor: - Quote from SBR (Section 2.1): 'CITES or IUCN plant species are not found on the territory of the supply base'. This statement is incorrect. - Quote from SBR (Section 2.1): 'All material for the production of fuel granules can be classified as secondary feedstock'. This is not correct, as in the reporting period BP sourced twigs and other wood residues generated during timber harvesting. - Section 2.3 (Final harvest sampling program) is not filled out, which is not correct, as some share of the feedstock in the reporting period was sourced from the final fellings from stands with the rotation length of more than 40 years.	
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:	Supply Base Report.
Findings for Evaluation of Evidence:	The Supply Base Report provided by BP contains all required information without any potential mistakes.
NC Status:	Closed

NC number NC-001045 (03/21)	**NC Grading: Minor**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
The documented SBP Procedure has been provided to auditor. In contains a number of out-of-date or incorrect information: - It is mentioned in Section 2.1 that SBP Standard 6 has been used for this certification, but this is not correct - Sections 2.2, 3.1.3 refer to BP's internal document 'Profiling, Batch, and Energy data', however this document was not available to auditor - Annexes 2 and 6 refer to Sustainable Biomass Partnership, which is out-of-date name of SBP.	
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:	Updated SBP Procedure
Findings for Evaluation of Evidence:	The updated SBP procedure provided by BP is up-to-date and does not contain any mistakes.
NC Status:	Closed

NC number NC-001046 (01/22)	NC Grading: Observation
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.1 The legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.
Description of Non-conformance and Related Evidence:	
BP holds valid FSC COC certificate. Detailed information is available here: https://info.fsc.org/details.php?id=a023300000WUaEwAAL&type=certificate&return=certificate.php It is specified by Certification Body in FSC database in Organisation profile that SPLG LLC is primary processor and the main output category is FSC Mix. This is incorrect – Organisation is secondary processor and the only one output category is FSC Mix x%.	
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

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):	Pilar Gorría Serrano
Date of decision:	21 Feb 2022
Other comments:	N/A