

Control Union Certifications B.V. Evaluation of SevLesPil LLC Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

Transfer Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.3

*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

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Current report completion date:	30/Nov/2018
Report authors:	Hubert Jurczyszyn – lead auditor
Name of the Company:	LLC “SevLesPil”
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Certified Supply Base:	Russia, Komi Repulic and Arhangelsk Region according to Supply Base Report
SBP Certificate Code:	SBP-06-20
Date of certificate issue:	13/Dec/2017
Date of certificate expiry:	12/Dec/2022

This report relates to the First Surveillance Audit and Transfer Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office and pellet production in Syktyvkar, Republic of Komi, Russia.

The BP holds valid FSC Chain of Custody, covering pellet production and implements FSC transfer system of claims.

BP receives sawlogs from their own FSCcertified forest management units and also purchases certified sawlogs from other FSC- certified forest managers. Roundwood is processed at Organisation's own sawmill located at the same production site. Wood industry wastes – sawdust and bark – are used as a secondary feedstock for pellet production. All secondary feedstock used in FSC- certified pellet production is having FSC 100% claim. Origin of the feedstock is Republic of Komi.

BP also purchases noncertified roundwood for sawmilling and subsequently produces biomass from wood industry residues (sawdust) in such case this feedstock/biomass is handled separately at all stages of production and sales.

Scope description: Production of wood pellets in Syktyvkar, Republic of Komi, Russia, for use in energy production. Post production end point is Saint Petersburg harbour (train FCA, Incoterms). The scope covers SBP standards 2,4 and 5.

The scope of the certificate does not include Supply Base Evaluation.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit
- Review of FSC system control points, analysis of the existing FSC CoC system
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

BP is a pellet producer situated in Syktyvkar, Republic of Komi, Russia. Only secondary feedstock with FSC 100% claim is used for FSC/SBP certified pellet production. FSC transfer system of claim is implemented for the production (all pellets have FSC 100% claim). The final product is transported by train to St. Petersburg sea port on FCA conditions of Incoterms.

Total annual production capacity of pellet plant is 6600 tones. Pellet production has been commissioned in September 2016.

5.2 Description of Company's Supply Base

The total area of forest lands of the Russian Federation is 764 million hectares, which makes up about 21% of the world's standing stock. The areas occupied by plantations of the main forest-forming species remain quite stable over the past decades. Coniferous species account for 68.4%, hardwoods 2.4%, softwood - 19.3%. Other tree species account less than 1% of forests. In accordance with the legislation of the Russian Federation all lands of the forest fund are in state ownership. Legal entities receive forest plots for use on lease and short term use. Lease relations are the dominant legal form of forest use. The lease term can be from 10 to 49 years. Lease contracts for forest areas or contracts for the purchase and sale of forest plantations is carried out at auctions for the sale of the right to enter such contracts. Sites leased must necessarily pass state cadastral registration. Each forest user, who has received a forest plot lease, in accordance with the Forest Code of the Russian Federation is obliged:

- implement measures to protect, preserve and reproduce forests, • annually provide a forest declaration,
- draw up a project for the development of forests,
- provide a report on the use of forests, their protection, preservation and reproduction.

Geographical location of the Supply Base of LLC "SevLesPil" North-western Federal District of Russian Federation, Komi Republic and Arhangelsk region. Between the LLC "SevLesPil" and the Ministry of Industry, two lease agreements have been concluded. Both leases are certified by the FSC forest management system. Also LLC "SevLesPil" buys round timber from three third party suppliers that conduct harvesting in their own certified lease areas. LLC "SevLesPil" also purchases noncertified timber from third-party suppliers, but their processing is physically and timely separated from processing of certified roundwood.

The main product produced by LLC "SevLesPil" is sawn wood, and for the pellets production the SBP compliant secondary feedstock (sawing waste wood sawdust) is used. For heat generation, SBP-compliant secondary feedstock (bark) is used. The Republic of Komi is one of the leading forestry regions of Russia. The total forest area is 38.9 million hectares, 30.3 million hectares of which, or 3.5% of the total area of all Russian forests, are covered with forests, and about 50% of the forests area of the European North of Russia. For forest exploitation, more than 3/4 of the forest fund is available with 3 billion cubic meters yield. A characteristic feature of the republic's forests is a high proportion of mature and overmature forests by stock (74.2%). The reserves of coniferous species account for 83.6% of all forest, including Scots pine -- 23.4%, Siberian spruce -- 58.5%.

Harvesting of wood in forests is carried out in the form of selective felling or clear cuttings. In the whole of the Republic of Komi, the estimated cutting area is 25.1%. Ensuring high quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. For this purpose, the Forest Management plan is being developed, the activities in which are aimed at improving the silvicultural characteristics of the forest area, the implementation of continuous and sustainable forest management. According to forest legislation, Red listed species as well as their habitats, must be preserved when timber is harvested. It is prohibited to cut valuable, endangered and protected tree species. On the territory of the Komi Republic there is a Cedar pine that is Red listed, but LLC "SevLesPil" does not harvest this species and does not purchase it. The following tree species are used by the organization in production:

- spruce (*Picea abies*), pine (*Pinus sylvestris*).

The abovementioned species don't get under operation of the Convention CITES and aren't included in lists of the International Union for Conservation of Nature (IUCN). There is a regional ichthyological reserve "Vizinga" on the territory of the forest plot leased by LLC "SevLesPil", created for the purpose of preserving the European grayling. Within the given territory, the harvesting is not carried out and is not planned. Timber industry is one of the leading sectors of the Republic of Komi economy. In most of the cases logging enterprises are city forming. Therefore, the republic implements the program for the development of the timber industry complex until 2020. The development of the social sphere (health, education, culture) largely depends on the results of implementing this program, increasing the population's employment and well-being.

Please see more description of the Supply Base in BP's supply base report available in Internet at BP's homepage.

5.3 Detailed description of Supply Base

A quantitative description of the Supply Base can be found in the Biomass Producer's Supply Base Report. Supply base covers area of Komi Republic and Arhangelsk region of Russian Federation.

5.4 Chain of Custody system

BP is a pellet producer situated in Syktyvkar, Republic of Komi, Russia. Only secondary feedstock with FSC 100% claim is used for certified pellet production and FSC transfer system of claims is implemented (all pellets have FSC 100% claim).

When non- certified material is purchased, it is handled separately from certified material at all stages. This is ensured by processing of certified and noncertified wood material in different batches and different time. The process starts at sawmill at it is synchronized with pellet production line. When BP processes noncertified wood, prior to switching to certified production, all processing lines are shut down, and cleaned out completely from noncertified wood material. After that production lines are enabled again. Switching from noncertified production to certified production is carried out between the working shifts. As soon as certified material is over, the foreman of sawmill production site informs operator of pellet production line that they finish processing of FSC- certified sawlogs (and relevantly generation of FSCcertified secondary feedstock) and requests to finalize the process of processing of certified secondary feedstock (from the very beginning to the very end of pellet production line). At the same time, technical brake is taken to ensure that non- certified and FSC- certified secondary feedstock are not mixed. As soon as all certified secondary feedstock is completely processed, sawmill starts supplying non-- certified secondary feedstock.

Critical control Points, summary:

1. Sourcing and input check - process of verification carried out properly, staff well prepared
2. Reception and storage - reception process done properly storage organized that different material stored in separate places material delivered to production based on job orders
3. volume control - volume monitoring based on shift job orders well organized
4. Segregation - segregation organized based on shifts job orders system, communication in this matter works properly, buffer shift is implemented to make sure that certified material is entering certified pellet production shift.
5. Sales and labelling - sales organized properly no labelling.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on october 23-24 2018. Assessment activities included review of documentation, staff interview ans site seeing.

Activity	Site	Date/Time
Opening meeting	Lesnaya street 2/4 167026 Syktyvkar	23-10-2018 10:00
Review of the documents and records		23;24-10-2018
Site visiting connected with interviews of responsible staff		23;24-10-2018
Self work of auditor preparation for closing meeting.		24-10-2018 11:00
Closing meeting		24-10-2018 12:00

6.2 Description of evaluation activities

The audit did consist of an opening meeting, during which the scope was confirmed. The auditor has introduced the team which consist of lead auditor Hubert Jurczyszyn who did also explain the methods to be employed during the audit. After this introduction, all relevant requirements of the applicable SBP standard(s) were verified on compliance. All relevant documentation related to pellet production was verified on site together with interviewing key BP staff having SBP tasks delegated. Findings were documented on audit checklists. Audit was also including visit to the production line where pellet is produced. The audit was completed by filling in the audit report and discussing the audit results.

Interviewed staff and their responsibilities	
Anton Klepikov	Marketing expert
Evgeny Cepniatov	Purchases
Aleksander Konukhov	Technologist
Tatyana Mironova	Supply origin verification
Elena Belarusova	Final product storage
Ludmila Szewczenko	Material reception
Svetlana Kudinova	Sales department

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out prior to the 2017 main assessment on 6th of october, 2017 by sending email to different stakeholders: representatives of state institutions – State Forestry Districts, local NGOs active in the region, authorities responsible for Forest management planning in the region, local administration bodies, biomass purchasers and other local stakeholders. No comments were received.

No further stakeholder consultation was carried out 2018 surveillance evaluation.

7 Results

7.1 Main strengths and weaknesses

The Audit of Sevlespil demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance with the applicable SBP standards.

The existence of a Chain of Custody system is in combination with, FSC COC are considered a main strength with respect to Company's overall conformity with the relevant SBP standards. Non conformities defined during main assessment in 2017 as well as in 2018.

7.2 Rigour of Supply Base Evaluation

As Sevlespil only sources FSC-certified materials (FSC 100%) of the total input volume they will deliver SBP compliant biomass thus no SBE is needed in order to increase the amount of SBP compliant biomass at this moment in time. Sevlespil is promoting very strong FSC certification and put emphasis on this issue regarding sourcing.

7.3 Collection and Communication of Data

Company is able to provide all necessary data for GHG calculations and emissions as well as is able to collect such information from its suppliers which was verified during audit onsite.

7.4 Competency of involved personnel

No SBE was completed.

All personnel that is involved with SBP have received appropriate training whereby all relevant procedures and requirements have been covered. All training and instructions are based on the procedures as identified in company manuals, and training is provided by internal resources and recorded accordingly. Key personnel showed good knowledge of SBP requirements.

7.5 Stakeholder feedback

See 7.2. Since no SBE has been performed also no stakeholder consultation was done as part of the SBE process.

Consultation with stakeholders was done during main assessment in 2017 by Certification body only as a part of the SBP accreditation requirements.

7.6 Preconditions

Organization is following SBP standards in their scope of the certification in sufficient way that is why certificate may be maintained without further preconditions.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

No SBE is carried out only FSC certified inputs.

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Company's mitigation measures

No SBE is carried out only FSC certified inputs.

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.*

Organization is following SBP standards in their scope of the certification in sufficient way that is why certificate may be maintained without further preconditions. No non-conformities or observations were raised during 2018 SBP surveillance assessment, as well as during 2017 main 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):	Andrea Ferrazzo
Date of decision:	20/Dec/2018
Other comments:	<i>Click or tap here to enter text.</i>