



NEPCon OÜ Evaluation of Sawmill 25 JSC, Maimaksa 1 site Compliance with the SBP Framework: Public Summary Report

Second Surveillance 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

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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:	Mikhail Rai
Audit team members:	Mikhail Rai
Name of the Company:	Sawmill 25 JSC, Maimaksa 1 site
Company legal address:	Ul. Postysheva 26, 163025 Arkhangelsk, Russia
Company contact for SBP:	Natalya Klyukina
Company contact email:	klyukina.natalya@sawmill25.ru
Company website:	www.sawmill25.ru
SBP Certificate Code:	SBP-07-85
Date of certificate issue:	09 Apr 2020
Date of certificate expiry:	08 Apr 2025
Audit closing meeting date:	10 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; 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:	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 1 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 75 000 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.

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 factors;
- GHG data collection analysis and assessment of compliance with ID 5E ver. 1.5;
- DTS records and sales.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Mikhail Rai	1,0
2. On-site (excl. travel time)	Mikhail Rai	13,0
3. Report writing	Mikhail Rai	7,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	BP's office	Mikhail Rai	06 Dec 2021/09:00
<i>H&S brief training to the auditor</i>	BP's office	Mikhail Rai	07 Dec 2021/09:30
<i>Site tour. Staff interview</i>	Production site	Mikhail Rai	07 Dec 2021/10:00
<i>Credit account</i>	BP's office	Mikhail Rai	07 Dec 2021/13:00

<i>SAR. GHG Data</i>	BP's office	Mikhail Rai	07 Dec 2021/14:00
<i>FSC CoC. Staff interview</i>	BP's office	Mikhail Rai	09 Dec 2021/11:00
<i>SBR. Supply base</i>	BP's office	Mikhail Rai	10 Dec 2021/09:00
<i>Closing meeting</i>	BP's office	Mikhail Rai	10 Dec 2021/16:30

Auditor qualification		
Auditor name	Role	Qualification
Mikhail Rai	Audit team leader	Preferred by Nature SBP lead auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with several SBP assessments and annual audits in Russia and Belarus.

4.2 Description of evaluation activities

The audit was carried out alongside the FSC and PEFC CoC annual audits and split to 5 days.

The evaluation 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 the FSC CoC system of the Organization, including SBP Procedure, SAR and GHG data calculations, Supply Base Report, and FSC system description was provided by the company prior to the audit and during it. The audit started with an opening meeting attended by the BP management staff.

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

After that during the production site roundtrip and office inspection the auditor went through all applicable requirements of the SBP standards № 2, 4, 5 and instruction document 5e covering input clarification, an existing chain of custody system, CoC Critical Control Points (feedstock acceptance, inputs identification and claims, control system, conversion factors, and sales) management system, recordkeeping/mass balance requirements, emission and energy data and categorization of input and verification of SBP-compliant biomass. During the process, the overall responsible person for the SBP system and other staff were interviewed.

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

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4.3 Sampling methodology

When preparing to the audit and during on-site work a sampling has been implemented, based on the following criteria:

- A review of documentation related to energy and carbon data is implemented for the chosen periods to compare summary data per month, collected for SAR, and correctness of its calculation based on data per each day or per each shift.
- For evaluation of DTS, input and output trade and transport documentation, and the correctness of claims a sampling of different kinds of documents for the reporting period is implemented (e.g. waybills, invoices, bills of landing, etc.).
- Sampling is based on a risk approach, taking into account the following:
 - o Changes in a management system;
 - o Standards requirements update;
 - o Staff changes;
 - Market development;
 - o Most and less productive periods; etc.
- In case when data is collected once per month (e.g. invoices from external supplier of services), 100% sampling of documents is implemented.
- Production facilities inspection, as well as interviews with staff, are mandatorily conducted during every audit. The focus is a key staff responsible for the management of processes at a particular department or site. Nevertheless, interviews with staff intimately conducting a certain activity are conducted, since credibility and relevance of the collected data or physical segregation (if applicable) depends on their knowledge.

4.4 CB stakeholder engagement

Not applicable.

4.5 Stakeholder feedback

Not applicable.

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.
- Effective recordkeeping system.
- Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: please see section 7 of this report below (NCRs) and the last annual audit report

5.2 Rigour of Supply Base Evaluation

Not applicable.

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 refueling data obtained in accountancy; electricity consumption by pellet plant (including office facilities and staffrooms) is based on readings obtained from installed electric meters.

Also, electricity and heat generated at the BP's biofuel CHP are used at the pellet mill

5.4 Competency of involved personnel

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

- 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/Chief engineer of production service (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).

Also, BP shared responsibilities between staff intimately involved in pellet production. Their responsibilities are described in the internal Management Regulation and in staff manuals.

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

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-000842 (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: $(100 - 50,2) / (100 - 6,8) = 0,53$, Where 50,2 – the average feedstock moisture, %, and 6,8 – the average biomass moisture, %. $106323,1$ (tons of feedstock submitted to the pellet plant in the reporting period) $\times 0,53 = 56351$ tones (of biomass could be produced). Actual production was 61393,021 tones. The discrepancy between engineering calculation and actual production is -8,9%. 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 of sawdust to solid m3, conversion factor 0,28 is used, as per National Standard GOST 18320-78. BP has implemented actual measurements to verify the conversion factor. Three measurements have been done by chief technologist. The conclusion of the measurements is that actual conversion factor from bulk to solid m3 is in compliance with the National Standard. 2) Feedstock for pellet production is a mixture of the sawdust generated during sawmilling, as well as after grinding of wood chips to smaller size. Moisture measurements for the feedstock are done 6-8 times per day (3-4 times per shift). 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 6-8 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 1,1 m3 (or 8,5%) 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) shall be used in production accounting. This volume is based on actual measurements of the amount of sawdust in bucket without a top. - front-end loader operators are requested to submit the sawdust in buckets without a top. - stricter control is organized to count the number of bucket deliveries to the pellet production. - amount of sawdust 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) В переводе насыпного объема опилка в плотные кубометры используется переводной коэффициент 0,28 по ГОСТ 18320-78 «Опилки древесные технологические для гидролиза. Технические условия». На предприятии были произведены опытные замеры для определения правильности применения переводного коэффициента. Всего было произведено три замера, их производил старший технолог производства. По итогам замеров сделан вывод, что фактический коэффициент перевода из насыпного объема в плотные соответствует ГОСТ. 2) Сырьем для производства гранул является опилки, получаемый в процессе распиловки древесины на многопильных станках и дорубки щепы в лесопильном цехе. На склад сырья опилок поступает уже в смеси, поэтому замеры влажности производятся одной категории сырья. Замеры влажности сырья и гранул производятся 6-8 раз в сутки (3-4 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 6 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 1,1 м3 (на 8,5 %). В целях устранения несоответствия, для дальнейшего учета сырья: - принят фактический объем ковша 3,64 плотных м3, полученный путем фактических замеров объема опилка в ковше (без горки); - 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-000843 (02)	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 metric tonne 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

NC number NC-000844 (01/21)	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 provided SBP Procedure (please see Exhibit 1) includes several gaps and conflicting points: • links to not valid instruction documents (Section 2); • description of the Supply Base does not include one of the regions (Section 3); • description of only one supplier is provided whereas from November 2021 timber could be purchased from several other suppliers (section 7); • requirements related to use of claims within the DTS for Flanders is missing. Since the revealed gaps and conflicting point in the documented SBP Procedure does not cause problems in the management system, a minor NCR has been issued.	
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-000845 (02/21)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	3.1.4 Each Legal Owner shall operate a Management System to ensure that data recorded are compliant with the requirements specified in this Instruction Document (5E).
Description of Non-conformance and Related Evidence:	
The BP counts a number of shovels of biofuel to calculate a volume of biofuel delivered to the pellet mill. Front loader drivers mix bark and offcuts and then the mixed biofuel is delivered to the pellet mill. The drivers make notes with the number of shovels of bark and offcuts mixed and prepared in a separate pile to be delivered as biofuel. However, a number of shovels of biofuel delivered to the pellet mill is not	

recorded. During the audit sample evaluation of drivers' records and video recording were checked. It was revealed that for one of the shifts number of shovels considered for accounting and then used for SAR was equal to 6 whereas according to video records 7 shovels of biofuel were actually delivered to the pellet mill. Thus, the system of recording biofuel for the pellet mill is not sufficient and leads to the gaps of the requirements of ID 5E. Due to an isolated case a minor NCR has been issued.	
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-000846 (03/21)	NC Grading: Observation
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.5.1 The BP shall operate a management system including logbooks or electronic code/card systems to allocate the use of fossil fuel to processing or transport.
Description of Non-conformance and Related Evidence:	
Verification of waybills and accountancy reports showed that for one of the vehicles a single case of considering extra diesel occurred. 35,3 liters of diesel were over-considered. The BP explained that the mistake occurred while preparing summary reports of diesel consumption. The total diesel consumption for the reporting period equals 60884 liters. Thus, the discrepancy equals 0.06%. Since the diesel consumption is overestimated, the discrepancy is negligible and the gap occurred at the stage of summarizing the data, an observation has been made. The BP should improve the management system used to account for allocation the use of fossil fuel to processing or transport.	
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 Gorria
Date of decision:	10 Jan 2022
Other comments:	N/A