



Forest Certification LLC Evaluation of Baltic Forest Company LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*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

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Current report completion date: 28/Dec/2020

Report authors: Stashkevich Nikolai

Name of the Company: Baltic Forest Company LLC, 238300, Russia, Kaliningrad Region, Guryevsk, 5th Novaya str., Unit 10

Company contact for SBP: Konshu Elena, marketing director, e-mail: elena1022727@gmail.com, tel: +79211022727

Certified Supply Base: Kaliningrad region, Russian Federation

SBP Certificate Code: SBP-09-06

Date of certificate issue: 31/Dec/2020

Date of certificate expiry: 30/Dec/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The scope of evaluation and the certificate scope covers the office located in Gyryevsk of the Kaliningrad region of Russia and mobile production sites for the production of wood chips, located in the Zheleznodorozhny and Chernyakhovsky forestries of the Kaliningrad region.

Scope description: Production of wood chips at 18 mobile production sites, located in the Zheleznodorozhny and Chernyakhovsky forestries of the Kaliningrad region where two mobile chipping machines crushes stored fuelwood. Chip trucks transport the wood chips to the end point – port of Kaliningrad (FOB). The certificate scope includes communication of Dynamic Batch Sustainability Data. The certificate scope 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
- Assess compliance against Instruction Document 5E: Collection and Communication of Energy and Carbon Data (Version 1.1 November 2019).

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

Baltic Forest Company LLC is a logger and a primary processor. The company was registered in 2005. The company's office is based in Gyryevsk, Kaliningrad Region, Russia.

Harvested wood within the CoC certificate (FC-COC-643343) is transported and processed into boards, lamellas, boules, massive boards at the sites of contractors involved. For the production of wooden products, it is allowed to purchase single batches of oak timber.

The organization also processes fuelwood of deciduous species to produce of wood chips. For this aim Baltic Forest Company LLC uses only its own certified feedstock (SBP-compliant Primary Feedstock), received from forest areas in the Kaliningrad region within the certified size of two forest lease agreements according to a forest management certificate FC-FM/COC-643342. The supply base of feedstocks located in areas 2 forest areas (Zheleznodorozhny and Chernyakhovsky) and 3 administrative regions (Gvardejsky, Chernyahovsky and Gusevsky) of the Kaliningrad region.

Company has valid FSC-certificates: FC-FM/COC-643342 and FC-COC-643343. The company uses a transfer control system – the single applicable FSC claim is FSC 100%.

Baltic Forest Company LLC is also a PEFC-certified company: FC-PEFC-0016 and FC-PEFC-0017.

Non-certified feedstock is not used for the production of wood chips.

Excel and accounting software 1C are used to control feedstock and production volumes.

Produces wood chips are transported by chip trucks to the port of Kaliningrad (FOB; the contractor's (Cepress LLC) storage site: Kaliningrad, Right embankment street, 25).

5.2 Description of Company's Supply Base

For wood chips production, Baltic Forest Company LLC uses only its own certified feedstock (SBP-compliant Primary Feedstock), received from forest areas in the Kaliningrad region within the certified size of two forest lease agreements according to a forest management certificate FC-FM/COC-643342. The supply base of feedstocks located in areas 2 forest areas (Zheleznodorozhny and Chernyakhovsky) and 3 administrative regions (Gvardejsky, Chernyahovsky and Gusevsky) of the Kaliningrad region.

The total supply base area is 58 117,9 ha (cumulative area of company's certified forests. Forests are 100% temperate. List of species in primary feedstock includes next names: maple, *Acer platanoides*; black alder, *Alnus glutinosa*; gray alder, *Alnus incana* (L.) Moench; birch, *Betula pendula*; hornbeam, *Carpinus betulus* L.; ash tree, *Fraxinus excelsior*; aspen, *Populus tremula*; oak, *Quercus robur*; linde, *Tilia cordata* Mill. = Winterlinde (Syn.: *T. parvifolia*); ulme, *Ulmus Laevis*.

Secondary and tertiary feedstock is not applicable

Within the supply base, forest management practices are based on achieving renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification.

Baltic Forest Company LLC does not procure tree species listed in the Red Book or CITES list.

In accordance with the legislation of the Russian Federation, all forest lands are state-owned. Legal entities receive forest plots for use for a period of 10 to 49 years (with the possibility of extension). Lease relations are the dominant legal form of forest use.

Forest areas for a lease are subject to state expertise and cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a lease forest land obliges:

- to carry out the activities on protection and reproduction of forests;
- to submit annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. All reforestation works on forest plots leased are planned and carried out by forest users at their own expense in accordance with forest development projects.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 58 117,9 (cumulative area of certified forests of company).

Tenure by type (ha): 58 117,9 (state owned).

Forest by type (ha): 58 117,9 (temperate)

Forest by management type (ha): 58 117,9 (managed natural)

Certified forest by scheme (ha): 58 117,9 (FSC certified forest).

Detailed information about BP's supply base may be found in their SBR available on the official site:

https://balticforest.company/sustainable_development_ru/#rec260662664/

5.4 Chain of Custody system

The Organization implements the FSC transfer system with biomass (wood chips) production in the scope of the FSC certificate (FC-COC-643343).

(<https://info.fsc.org/details.php?id=a023300000ayvmYAAQ&type=certificate>).

The company has also a valid PEFC certificate (FC-PEFC-0016), but FSC scheme is used as a basis for SBP certification.

The process covers biomass production. See more explanations in 5.1 above.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite main assessment was conducted on 16-17.11.2020 (16 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

<i>Date</i>	<i>Activities</i>	<i>Location</i>
16-17.11.2020	• Opening meeting. • Interviews with management and leading specialists of the enterprise. • Analysis of the resource base report. • Analysis of the internal documentation of the enterprise developed as part of the SBP certification. • Visiting production sites (wood chips processing sites), places of acceptance, storage of manufactured products (port). • Validation of an SBP enterprise supply chain system. • Interviews with employees. • Work with enterprise documentation. Fill out a checklist for applicable SBP certification standards. • Validation of the collection of SBP data on GHG, energy, carbon and stability characteristics. • Preparation of preliminary audit findings. • Closing meeting. Summing up the preliminary results of the audit.	Office, production sites

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), role	Qualifications
Stashkevich Nikolai, 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 (2016-2019) on FSC and PEFC as a lead auditor or as an auditor (without desk-audits). SBP accreditation audit has been successfully completed.

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 Procedure, 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 and staff.

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, overall responsible person for SBP system and other staff were interviewed.

Next, the following sites were visited: the parking lot of two mobile chipping mashines Mus Max on the enterprise territory, the storage place for fuel wood (one of the declared storage and processing sites), as well as the Kaliningrad port where the wood chips are stored until they are loaded onto ships. During the site tour, applicable records were reviewed, staff was interviewed and FSC system critical control points were analysed. At the closing meeting findings were summarised and assessment were provided to the management and SBP responsible person.

Impartiality commitment: Please see Forest certification LLC impartiality commitment on the web-site https://en.fcert.ru/about/conflict_of_interests/

6.3 Process for consultation with stakeholders

12/10/2020 the information letter (e-mail) was sent to the stakeholders. More than 11 stakeholders was informed about the assessment. No feedback has been received from them. List of informed stakeholders includes such groups of stakeholders as FSC Russia, FSC-certified companies in the region, scientific and educational entities, state forestry authorities, etc

7 Results

7.1 Main strengths and weaknesses

Strength: Effective work according to FSC requirements. The use of only certified raw materials for the production of chips, its transportation to the port without other loading / unloading / storage points, the absence of other biomass in the port allows minimizing the risks of mixing chips with unacceptable materials. Effective recordkeeping system.

Weaknesses: not all characteristics are regularly recorded (C-01), taken into account (C-02, C-03), discrepancies in data in different sources are allowed (C-01, C-02, C-03).

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The following energy sources are used by BP: diesel for feedstock delivery, chipping and wood chips transportation to the seaport.

Data on the volume of raw materials, on the output of chips, on their moisture content, on transportation distances, on diesel consumption are recorded within the single Excel-file accounting - the data are summarized for each month. Accounting started in January 2020.

Information on volumes is taken into account in the trade and transport documentation, summarized in the 1C accounting program.

The specifics of the production process are fixed in the approved documents (for example, signed Technological process of fuel chips production).

Energy costs during storage and loading of biomass in Kaliningrad sea port are provided for accounting within the Excel file, but are not kept – see C-02.

7.4 Competency of involved personnel

The following key staff members are involved to SBP certification (according to signed SBP Certification Procedure):

- SBP responsible (marketing director). He is responsible for updating company's SBP procedure, timely staff training, collection of information on the origin of raw materials, SBR and SAR reporting and general collection and provision of baseline energy and greenhouse gas data, consideration of complaints related to SBP certification, storage of documentation related to SBP certification.
- logistics manager, chipping machine operator (checking the compliance of suppliers of raw materials with the requirements of SBP standards, accounting and control of incoming wood raw materials, collecting data to calculate energy and carbon costs, organization and control of the production process for the production of wood chips, control of production indicators, accounting of finished products).
- customs declarant and transportation engineer (registration of financial and shipping documentation for wood chips with an SBP claim, as well as accounting in the 1C program, registration of customs documents and examinations).

- representative of Cetruss LLC (forwarding agent) (organization and control of the process for storing wood chips with an SBP claim and loading it onto a ship).

The SBP Certification Procedure provides for annual training as part of the certification requirements. In the course of responsible employees interview:- familiarization of employees with their main responsibilities within the SBP was confirmed – the corresponding training protocol was presented. Sufficient competence of the interviewed personnel has been confirmed.

7.5 Stakeholder feedback

No comments received from stakeholders prior to, during or after this assessment.

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

Not applicable.

9 Review of Company's mitigation measures

Not applicable.

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.

NC number 01	NC Grading: Minor
Standard & Requirement:	SBP Framework Standard 5: Collection and Communication of Data, V.1.0, March 2015; p. 5.1 All data submissions must be supported by appropriate evidence.
Description of Non-conformance and Related Evidence:	
The applicant for the certificate provides for the collection of data in accordance with the specified standard in the form of an excel file. The demonstrated excel accounting file includes a monthly accounting of the volumes of incoming raw materials, manufactured products, their characteristics, as well as energy costs for the production and delivery of materials. Monthly data recording began in January 2020, and its results can be extrapolated to the accounting period defined in SAR. Based on the collected data, a SAR on Energy and Carbon Data for Woodchips with Mobile Chipping was prepared, containing the information required by the report form. The employee responsible for the SBP certification of the company (marketing director) interviewed during the audit, as well as the specialists involved in the supply chain, explained the values indicated in the credentials, while:- the value of the moisture content of the incoming raw materials was not documented - the interviewed operator of the chipping machine confirmed the regular accounting of the moisture content of the timber, demonstrated the Logica moisture meter used and the accounting carried out (in the log and via SMS, the sending of chips to the port is recorded); in the accounting materials, single values of moisture measurements (34 and 37%), different from the average value specified in SAR (50%), are presented;- in the excel file for January 2020 and February-September 2020, different mean values are indicated (diesel consumption for chip grinder operation (l / 100 m³); diesel consumption for transportation by a chip truck (l / 100 km)) and the same in the case of values, which are characterized by monthly variability (moisture content of raw materials upon receipt (%), moisture content of finished wood chips (%), number of trips of wood chips per month).- excel file provides for the accounting of energy consumption during storage of biomass in the port and its loading on ships, but accounting according to the declared indicators (diesel consumption for the operation of a loader, operating time and loading of transport, electricity consumption when using a crane in the port, etc.) not conducted. Taking into account the fact that not all the data presented is confirmed by the relevant evidence, and not all data is collected for the stated purposes, due to a temporary omission, partial failure to comply with the points of the standard that does not interfere with the achievement of the goal of the necessary requirements, a decision was made evaluating the condition as minor.	
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:	Pending

Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number 02	NC Grading: Minor
Standard & Requirement:	SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data, V1.1, November 2019; p. 6.5.2, 6.5.3 6.5.2 Allocation of fossil fuel for production should be based on appropriate metering. The fuel allocation system is especially important where the storage is not dedicated to biomass production and some vehicles or machinery unrelated to the biomass production may also use the fossil fuel from the same storage. In some cases, a practical alternative is to measure and record the specific (hourly) fossil fuel consumption of all the machinery/vehicles used, and the number of operating hours. Note: The BP is not responsible for maintaining such metering systems for third parties supplying feedstock. 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:	
The applicant for the certificate provides for the collection of data in accordance with the specified standard in the form of an excel file. The demonstrated excel accounting file includes a monthly accounting of the volumes of incoming raw materials, manufactured products, their characteristics, as well as energy costs for the production and delivery of materials. Monthly data recording began in January 2020, and its results can be extrapolated to the accounting period defined in SAR. Based on the collected data, a SAR on Energy and Carbon Data for Woodchips with Mobile Chipping was prepared, containing the information required by the report form. The employee responsible for the SBP certification of the company (marketing director) interviewed during the audit, as well as the specialists involved in the supply chain, explained the values indicated in the credentials, while:- the excel file takes into account the supply of raw materials by timber trucks to the processing sites, the diesel consumption for transportation is shown - this information is not taken into account in SAR (see section 2.3).- according to the approved Technological process for the production of fuel chips, the production of 70 m3 of wood chips requires 25 liters of diesel fuel (DF), and the output of finished products from 1 m3 of raw material is 2.7 m3 of fuel chips. Thus, for the processing of 25.9 m3 of roundwood, 25 liters of diesel fuel are needed (or 0.965 liters of diesel fuel for processing 1 m3 of raw materials). The employee responsible for the certification was given explanations that the coefficient 0.8748 is used to convert tons to cubic meters (for example, 100 tons of timber / 0.8748 = 114.31 m3 of timber). That is, the mass of 1 m3 of timber is 0.875 tons. Summarizing the above, processing 1 ton of timber requires 1.103 liters of diesel fuel. At the same time, section 2.2 SAR states that 0.4 liters of diesel fuel is needed for processing 1 ton of timber materials. Revealed discrepancy in data on different sources of the applicant for the certificate.- the excel file provides for the accounting of energy consumption during storage of biomass in the port and its loading on ships, but accounting for the declared indicators (diesel consumption for the operation of a loader, operating time and loading of transport) is not kept. At the same time, during the visit to the port, it was established that various (including diesel consumption) loaders and a bulldozer were used, which were not taken into account when collecting data.- the above equipment in the port is not fully accounted for in SAR (see section Appendix 2). Considering that not all fossil fuel emissions for production are based on appropriate measurements (paragraph 6.5.2), and BP did not justify all the data and methodology used to report energy and carbon data, not all values were correctly recorded in SAR and confirmed by the CB (clause 6.5.3), due to a temporary omission, partial non-fulfillment of the clauses of the standard, which does not interfere with the achievement of the goal of the necessary requirements, a decision was made to assess the condition as minor.	

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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number 03	NC Grading: Minor
Standard & Requirement:	SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data, V1.1, November 2019; p. 6.6.1, 6.6.2 6.6.1 The data collection in this section concern the use of energy and chemicals for soil preparation, planting, harvesting, forest management methods, including mobile chipping operations. Data specified are for primary feedstock only (from forests, plantations and short rotation forestry), for all other cases no specific data should be provided. 6.6.2 In the case that the BP opts to record data on upstream use of energy (including mobile chipping) and/or chemicals (fertilisers, pesticides etc.) for relevant feedstock groups as per 6.6.1: • Data shall be reported in Table 2.2 of the SAR. • Data shall be reported in MJ of biodiesel and kg of chemicals used per metric tonne (t) of wood product harvested during the rotation period or per metric tonne of wood as received. • Data based on statistics for the relevant region of production can be reported. • Data based on field trial records of specific energy use for in-forest chipping can be reported. • The methodology and justification shall be recorded in the SAR.
Description of Non-conformance and Related Evidence:	
The applicant for the certificate provides for the collection of data in accordance with the specified standard in the form of an excel file. The demonstrated excel accounting file includes a monthly accounting of the volumes of incoming raw materials, manufactured products, their characteristics, as well as energy costs for the production and delivery of materials. Monthly data recording began in January 2020, and its results can be extrapolated to the accounting period defined in SAR. Based on the collected data, a SAR on Energy and Carbon Data for Woodchips with Mobile Chipping was prepared, containing the information required by the report form. The employee responsible for the SBP certification of the company (marketing director) interviewed during the audit, as well as the specialists involved in the supply chain, explained the values indicated in the credentials, while:- according to the approved Technological process for the production of fuel chips, the production of 70 m3 of wood chips requires 25 liters of diesel fuel (DF), and the output of finished products from 1 m3 of raw material is 2.7 m3 of fuel chips. Thus, for the processing of 25.9 m3 of roundwood, 25 liters of diesel fuel are needed (or 0.965 liters of diesel fuel for processing 1 m3 of raw materials). The employee responsible for the certification was given explanations that the coefficient 0.8748 is used to convert tons to cubic meters (for example, 100 tons of timber / 0.8748 = 114.31 m3 of timber). That is, the mass of 1 m3 of timber is 0.875 tons. Summarizing the above, processing 1 ton of timber requires 1.103 liters of diesel fuel. At the same time, section 2.2 SAR states that 0.4 liters of diesel fuel is needed for processing 1 ton of timber materials. Revealed discrepancy in data on different sources of the applicant for the certificate.- the SAR does not include the methodology and justification of the presented data on diesel consumption for processing 1 ton of raw materials (see sections 2.2 and 2.3). Taking into account the fact that the collection of energy use data for mobile grinding operations is not correct (clause 6.6.1), and the methodology and justification of the data are not taken into account in SAR (clause 6.6.2), due to a temporary omission, partial non-compliance clauses of the standard that does not interfere with	

the achievement of the goal of the necessary requirements, a decision was made to assess the condition as minor.	
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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

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):	Artem Kornilov
Date of decision:	31/Dec/2020
Other comments:	-