SBP

Sustainable Biomass Partnership

NEPCon Evaluation of MLT Ltd Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org

Completed in accordance with the CB Public Summary Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

Version 1.0: published 26 March 2015

Contents

1 Overview 1

2 Scope of the evaluation and SBP certificate 2

3 Specific objective 4

4 SBP Standards utilised 5

4.1 SBP Standards utilised 5

4.2 SBP-endorsed Regional Risk Assessment 5

5 Description of Biomass Producer, Supply Base and Forest Management 6

5.1 Description of Biomass Producer 6

5.2 Description of Biomass Producer's Supply Base 6

5.3 Detailed description of Supply Base 14

5.4 Chain of Custody system 14

6 Evaluation process 15

6.1 Timing of evaluation activities 15

6.2 Description of evaluation activities 16

6.3 Process for consultation with stakeholders 16

7 Results 18

7.1 Main strengths and weaknesses 18

7.2 Rigour of Supply Base Evaluation 18

7.3 Compilation of data on Greenhouse Gas emissions 18

7.4 Competency of involved personnel 18

7.5 Stakeholder feedback 18

7.6 Preconditions 18

8 Review of Biomass Producer's Risk Assessments 19

9 Review of Biomass Producer's mitigation measures 20

10 Non-conformities and observations 21

11 Certification decision 23

12 Surveillance updates 24

13 Evaluation details 25

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.net, +420 606 730 382
Report completion date:	19/Sep/2016
Report authors:	Nikolai Tochilov
Certificate Holder:	MLT Ltd Legal address: 14A, Bolshaya Morskaya street, Saint-Petersburg 191186, Russia. Production site address: 96-A, Staritskaya Str., Torzhok, Tver Region, 172011, Russia.
Producer contact for SBP:	Mrs. Elena Firsova, phone: +7-910-930-75-37, E-mail: efirsova@mltlvl.ru
Certified Supply Base:	Sourcing from Russia, Tver region
SBP Certificate Code:	SBP-01-46
Date of certificate issue:	20/Oct/2016
Date of certificate expiry:	19/Oct/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	**First Surveillance Audit**	**Second Surveillance Audit**	**Third Surveillance Audit**	**Fourth Surveillance Audit**
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Torzhok, Tver region, Russia.

The BP holds valid FSC Chain of Custody, covering pellet production.

Organisation primary production is Laminated Veneer Lumber (LVL). Wood residues from this production are used in secondary production (wood pellets). The feedstock is only FSC 100% certified. Origin of the feedstock is Tver region of Russia. Point of sale of the final product is railway station Posin of Oktyabrskaya branch of Russian Railway (border between Pskov region and Latvia). Incoterms delivery conditions – DAP railway station Posin.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the evaluation is indicated in the table below:

<table>
<tr><th>Scope Item</th><th colspan="4">Check all that apply to the Certificate Scope</th><th>Change in Scope
(N/A for Assessments)</th></tr>
<tr><td>Approved Standards:</td><td colspan="4">SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0
http://www.sustainablebiomasspartnership.org/documents</td><td>☐</td></tr>
<tr><td>Primary Activity:</td><td colspan="4">Pellet producer</td><td>☐</td></tr>
<tr><td rowspan="5">Input Material Categories:</td><td colspan="2">☐ SBP-Compliant Primary Feedstock</td><td colspan="2">☒ SBP-Compliant Secondary Feedstock</td><td rowspan="5">☐</td></tr>
<tr><td colspan="2">☐ Controlled Feedstock</td><td colspan="2">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td>☐ SBP-Compliant Tertiary biomass</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td>☐ SBP-approved Recycled Claim</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td rowspan="2">Chain of custody system implemented:</td><td>☒ FSC</td><td>☐ PEFC</td><td>☐ SFI</td><td>☐ GGL</td><td>☐</td></tr>
<tr><td>☒ Transfer</td><td colspan="2">☐ Percentage</td><td>☐ Credit</td><td>☐</td></tr>
</table>

Points of sales **Provide name of all points of sales**	☐ Harbour (including own handling of material) -	☐ Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbor -	☒ Other point of sale (e.g. gate of the BP, boarder, railway station etc.) Boarder, DAP railway station Posin	☐
Use of SBP claim:	☒ Yes	☐ No		☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk		☐
	New districts approved for SBP-Compliant inputs: SBE not applicable			
Sub-scopes	-			☐
Specify SBP Product Groups added or removed:				
Comments:				

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; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction document 5A Collection and Communication of Data version 1.0. March 2015 was utilised for the evaluation as well.

http://www.sustainablebiomasspartnership.org/documents

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is a timber harvesting and wood processing company located in Tver region, Russia. Company runs both pellet production and laminated veneer lumber (LVL) production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Total annual production capacity of pellet plant is 36000 tones.

The round wood used at LVL production line (logs for primary production) is originating from the Tver region only.

The BP has implemented FSC transfer system and all amount of produced biomass shall be sold with FSC 100% claim (SBP-compliant biomass).

The pellets are transported by railway to Posin railway station where the biomass is taken into possession by new owner.

5.2 Description of Biomass Producer's Supply Base

In accordance with the law of the Russian Federation all forest estate lands are publicly owned. The primary form of use is concession.

The area of forested lands in Tver Region is 4428 thousand ha with 42.7% of coniferous forest stands and 57.3% of soft broadleaved forest stands.

The total wood stock is — 701.9 million m³ with the annual allowable cut 8746.6 thousand m3.

Forests cover 53.7% of Tver Region territory.

BP is one of concession holders in Tver Region and the biggest concession holder within the boundaries of Udomelsky, Torzhoksky, Bologovsky, Firovsky, Kuvshinovsky, Rzhevsky, Ostashkovsky, Staritsky Districts.

BP has 12 forest concession agreements valid for a period of 49 years. The total area of forest concessions is 540 802.66 ha, the annual allowable cut is 972.4 thousand m3, including coniferous species in the amount of 369.6 thousand m3. In 2015 the actual harvesting volume was 431472 m3, including coniferous species in the amount of 292842 m3.

BP harvests wood and performs full range of activities stipulated by the Forest Development Projects (forest protection and renewal activities, maintenance and repair of forest roads etc.).

Overview of forest concessions:

Forest concession agreement №29 dd 01.04.2010.

The forest parcel with the area of 96210.5 ha is located within the boundaries of Firovsky Forest District, Tver Region.
The forest parcel predominantly consists of coniferous forest stands (49258.1 ha or 54.7% of the forested area). The area of soft broadleaved species is 40784.8 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 30%pine-30%birch-20%spruce -20%aspen + gray alder, willow, black alder. The average age of coniferous and soft broad leaved forest stands is 68 and 52 years old accordingly. The average yield class of the forest parcel is 1.9. The average forest density is 0.69.

The average stock of wood within the forest parcel is 192 m^3/ha with mature and overmature forest stands - 232 m^3/ha.

The average wood increment per 1 ha is 3.23 m3 for coniferous species and 3.05 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.14 m3.

Forest concession agreement №28 dd. 01.04.2010.
The forest parcel with the area of 56950.3 ha is located within the boundaries of Firovsky Forest District, Tver Region.

The forest parcel predominantly consists of broad leaved species (27476 ha or 50.3% of the forested area). The area of coniferous forest stands is 27090 ha with 1603 ha of pine, 25476 ha of spruce and 11 ha of broad leaved species.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 40%spruce – 30%birch – 20% gray alder – 10%aspen + pine, willow, black alder, larch, lime tree, elm tree, oak. The average age of coniferous and soft broad leaved forest stands is 65 and 50 years old accordingly. The average yield class of the forest parcel is 1.3. The average forest density is 0.65.

The average stock of wood within the forest parcel is 200 m^3/ha, with mature and overmature forest stands - 240 m3/ha.

The average wood increment per 1 ha is 3.7 m3 for coniferous species and 3.1 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.4 m3.

Forest concession agreement №10 dd. 09.10.2014.
The forest parcel with the area of 110590 ha is located within the boundaries of Udomelsky Forest District, Tver Region.
The forest parcel predominantly consists of broad leaved forest stands (59455.1 ha or 56.3% of the forested area). The area of coniferous species is 46203.9 ha with 18276.7 ha of pine, 27911.5 ha of spruce and 15.7 of broad leaved species.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 31%birch – 25%spruce – 18%aspen – 16%pine, 8%gray alder -2%black alder + willow, poplar, larch. The average age of coniferous and soft broad leaved forest strands is 69.7 and 54.1 years old accordingly. The average yield class of the forest parcel is 1.9. The average forest density is 0.68.

The average stock of wood within the forest parcel is 186m^3/ha, with mature and overmature forest stands - 222 m^3/ha.

The average wood increment per 1 ha is 3.08 m3 for coniferous species and 3.02 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.1 m3.

Forest concession agreement №11 dd.16.10.2014.

The forest parcel with the area of 14706.86 ha is located within the boundaries of Torzhoksky Forest District, Tver Region.

The forest parcel predominantly consists of coniferous forest stands (7559.8 ha or 57.6% of the forested area). The area of soft broadleaved species is 5563.2 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 30%pine, 24%spruce, 23%birch – 19%aspen – 4%gray alder + larch, willow, black alder. The average age of coniferous and soft broad leaved forest strands is 65.4 and 60.2 years old accordingly. The average yield class of the forest parcel is 1.5. The average forest density is 0.71.

The average stock of wood within the forest parcel is 215 m^3/ha, with mature and overmature forest stands - 260 m^3/ha.

The average wood increment per 1 ha is 3.50 m3 for coniferous species and 3.39 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.45 m3.

Forest concession agreement №12 dd.16.10.2014.

The forest parcel with the area of 56483 ha is located within the boundaries of Firovsky Forest District, Tver Region.

The forest parcel predominantly consists of coniferous forest stands (29220.5 ha or 68.2% of the forested area). The area of soft broadleaved species is 13619.5 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 49%pine – 25%birch – 14%spruce – 10%aspen – 1%gray alder – 1%black alder + willow. The average age of coniferous and soft broad leaved forest strands is 66.5 and 57 years old accordingly. The average yield class of the forest parcel is 2.3. The average forest density is 0.69.

The average stock of wood within the forest parcel is 171 m^3/ha, with mature and overmature forest stands - 225 m^3/ha.

The average wood increment per 1 ha is 2.94 m3 for coniferous species and 2.91 m3 for soft broad leaved species. The average wood increment of the forest parcel is 2.87 m3.

Forest concession agreement №13 dd. 23.10.2014.

The forest parcel with the area of 15361ha is located within the boundaries of Firovsky Forest District, Tver Region. The forest parcel predominantly consists of broad leaved forest stands (9660.6 ha or 69.3% of the forested area). The area of coniferous species is 4271.7 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 48%birch – 24%spruce – 22%aspen – 4%pine – 2% gray alder + black alder. The average age of coniferous and soft broad leaved forest strands is 43.7 and 53.8 years old accordingly. The average yield class of the forest parcel is 1.4. The average forest density is 0.69.

The average stock of wood within the forest parcel is 179 m^3/ha, with mature and overmature forest stands - 236 m^3/ha.

The average wood increment per 1 ha is 3.5 m3 for coniferous species and 3.44 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.46 m3.

Forest concession agreement №14 dd. 23.10.2014.

The forest parcel with the area of 34341 ha is located within the boundaries of Firovsky Forest District, Tver Region.

The forest parcel predominantly consists of soft broad leaved forest stands (21355.4 ha or 64.7% of the forested area). The area of coniferous species is 11607 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 43%birch – 24%aspen – 23%spruce – 5% pine – 4%gray alder – 1% willow + lime tree and black alder. The average age of coniferous and soft broad leaved forest strands is 43.7 and 53.8 years old accordingly. The average yield class of the forest parcel is 1.4. The average forest density is 0.69.

The average stock of wood within the forest parcel is 179 m^3/ha, with mature and overmature forest stands - 236 m^3/ha.

The average wood increment per 1 ha is 3.5 m3 for coniferous species and 3.44 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.46 m3.

Forest concession agreement №18 dd. 03.03.2016.

The forest parcel with the area of 22165 ha is located within the boundaries of Udomelsky Forest District, Tver Region.

The forest parcel predominantly consists of coniferous forest stands (10623.8 ha or 60% of the forested area). The area of soft broadleaved species is 10241.8 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 33% birch – 28% pine – 19%aspen – 17%spruce – 2% black alder – 1% gray alder. The average age of coniferous and soft broad leaved forest strands is 56 and 59.9 years old accordingly. The average yield class of the forest parcel is 2.4. The average forest density is 0.76.

The average stock of wood within the forest parcel is 172 m^3/ha, with mature and overmature forest stands - 221 m^3/ha.

The average wood increment per 1 ha is 2.84 m3 for coniferous species and 3.2 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.02 m3.

Forest concession agreement №15 dd. 10.03.2016.

The forest parcel with the area of 32083ha is located within the boundaries of Firovsky Forest District, Tver Region.

The forest parcel predominantly consists of soft broad leaved species (18163.8 ha or 58%of the forested area). The area of coniferous species is 13099.3ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 35%birch – 30%spruce – 15% aspen – 11% gray alder – 8% pine - 1% black alder. The average age of coniferous and soft broad leaved forest strands is 74.9 and 58.4 years old accordingly. The average yield class of the forest parcel is 1.8. The average forest density is 0.63.

The average stock of wood within the forest parcel is 190 m^3/ha, with mature and overmature forest stands - 211 m^3/ha.

The average wood increment per 1 ha is 2.89 m3 for coniferous species and 2.87 m3 for soft broad leaved species. The average wood increment of the forest parcel is 2.88 m3.

Forest concession agreement №17 dd. 03.03.2016.

The forest parcel with the area of 25046 ha is located within the boundaries of Staritsky Forest District, Tver Region. The forest parcel predominantly consists of soft broad leaved species (19165.4 ha or 81.1%of the forested area). The area of coniferous species is 4461.3 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 42%birch – 26%aspen – 18%spruce – 8%gray alder – 6%pine + black alder and larch. The average age of coniferous and soft broad leaved forest strands is 60.5 and 64.7 years old accordingly. The average yield class of the forest parcel is 1.3. The average forest density is 0.66.

The average stock of wood within the forest parcel is 206 m^3/ha, with mature and overmature forest stands - 229 m^3/ha.

The average wood increment per 1 ha is 3.59 m3 for coniferous species and 3.18 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.26 m3.

Forest concession agreement №19 dd. 30.03.2016.

The forest parcel with the area of 57339ha is located within the boundaries of Staritsky Forest District, Tver Region. The forest parcel predominantly consists of soft broad leaved species (37695 ha or 71.3% of the forested area). The area of coniferous species is 15121.5 ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula: 39%birch – 23%spruce – 20%aspen – 14%gray alder – 4%pine + black alder, lime tree and larch. The average age of coniferous and soft broad leaved forest strands is 62.6 and 55.6 years old accordingly. The average yield class of the forest parcel is 1.7. The average forest density is 0.67.

The average stock of wood within the forest parcel is 177 m^3/ha, with mature and overmature forest stands - 215 m^3/ha.

The average wood increment per 1 ha is 3.22 m3 for coniferous species and 3.04 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.1 m3.

Forest concession agreement №16 dd. 22.03.2016.

The forest parcel with the area of 19527ha is located within the boundaries of Firovsky Forest District, Tver Region.

The forest parcel predominantly consists of soft broad leaved species (9925.9ha or 52.4% of the forested area). The area of coniferous species is 9015.1ha.

The average composition of forest stands within the forest parcel with regard to the species is determined by the following formula 37%birch – 34%spruce – 20%aspen – 5%pine – 4% gray alder + black alder, willow and larch. The average age of coniferous and soft broad leaved forest strands is 51 and 58.8 years old accordingly. The average yield class of the forest parcel is 1.5. The average forest density is 0.72.

The average stock of wood within the forest parcel is 188 m^3/ha, with mature and overmature forest stands - 242 m^3/ha.

The average wood increment per 1 ha is 3.12 m3 for coniferous species and 2.85 m3 for soft broad leaved species. The average wood increment of the forest parcel is 3.82 m3.

In view of implementation of sustainable forest management principles MLT Ltd. has been certified according to FSC voluntary forest certification scheme (FSC™) and holds FSC certificate NC-FM/COC-014124 (license code FSC-C022220) valid from 03.09.2014 until 02.09.2019. FSC™ certificate is a guarantee of compliance with internationally recognized standards of legal and responsible forest management, and with social, environmental and economic regulations related to forest use.

There are no old-growth forests or indigenous minorities present within the boundaries of the certified territory. MLT Ltd. does not harvest CITES or IUNC species.

Thus, the company's saw-mill plant receives certified resources (FSC 100% claim), the residues of which (SBP-compliant secondary feedstock) are then used as a sole source for manufacturing of SBP-compliant biomass products (FSC 100% claim). No other feedstock is used for pellet production. Wood species used for pellet production are pine (Pinus silvestris) and spruce (Picea abies).

Socio-Economic Conditions of Districts Incorporating the Forest Concession Estates.

The forest concessions are located within the territories of Udomelsky, Bologovsky, Firovsky, Kuvshinovsky, Torzhoksky, Ostashkovsky, Staritsky and Rzhevsky Districts of Tver Region.

Udomelsky District is located in the northern part of Tver Region, to the North-West of the Regional Center and borders Novgorod Region on the North, Bologovsky District– on the West, Lesnoy and Maksatichinsky Districts on the East, and Vyshnevolotsky District on the South.

The population of Udomelsky District is 40280 people, including 31048 people in Udomlya and 9232 people in rural areas. The working age population is 21400 people. District of 12 rural and 1 urban settlements.

Manufacturing facilities:

- Rosenergoatom Concern OJSC subsidiary - "Kalinin Nuclear Power Plant" equipped with four nuclear power units. Thermal and electric energy generation.
- JCC "Udomelsky Bakery Plant" –production of bakery and confectionary products.
- "Pikur" Ltd. – production of polypropylene sack tare.
- Glavkosmetika" Ltd. – tooth-brush production line.

- "Ecology" Ltd. – drinking water production.

Fish husbandry is being developed in the district. Marketable fish is produced (grown) by Tolyatti branch of "Russkaya Krepost" Ltd., "Neptun" Ltd., "Salma Plus" Ltd., "Tverrybprom" Ltd. The companies use water from Lakes Pes'vo and Udomlya and grow the following fish species: salmon, sturgeon, carp, silver carp, grass carp and catfish.

Bologovsky District is located on the North of Tver Region, Russia. Administrative Center is Bologoe. The area of the district is 2281 km2.

The population of Bologovsky District is 38815 people with the urban population of 26847 people. In total there are 158 rural settlements.

The district consists of 11 settlements with 2 urban and 9 rural ones.

Manufacturing industry: railroad companies, processing industry, glass production industry, agricultural industry, livestock farming.

The leading companies are JCS "Bologoe Steel Reinforcement Plant", "Bologovsky Strommachina Plant" Ltd., JSC "Berezaysky Glass Production Plant" and JSC "Bologovsky Meat Processing Factory". There are several recreational centers in the District. The largest one is "Ozernaya" holiday camp.

The district has an extensive railroad system which is a Moscow branch of Octyabrskaya rail road, including a large junction station "Bologoe - Mosckovskoe", main line "Moscow – Saint Petersburg", rail lines "Bologoe – Ostashkovo – Velikie Luki", "Bologoe – Valday Staraya Russa - Pskov", "Bologoe - Sonkovo". Direct passenger trains run from Bologoe – Moscovskoe to Tver, Okulovka and Sonkovo.

A portion of M10 highway runs through the District.

Firovsky district is located in the North-West of Tver Region. Its farthest lands border Valdaysky and Demansky Districts of Novgorod Region on the North. It also borders other districts of Tver Region: Bologovsky, Vyshnetsovsky, Kuvshinovsky, Ostashkovsky Districts as well as Closed Administrative Territorial Entity "Ozerny". Firovo is located 58 km away from the Moscow – St.Petersburg Highway, and 200 km away from Tver.

There are two road construction companies operating in district, i.e. State Unitary Enterprise "Firovskoe Road Maintenance and Construction Company" (asphalt road construction) and "Firovogrodorstroy" Ltd. (sand and gravel road pavement). The population of Firovsky District is 11900 people, the territory is 1836 km2.

Administrative division: 2 urban settlements, 3 rural settlements.

Main activities: agricultural. There are 7 collective farms in the District. Feeding crops, fall rye and flax are the main crops produced in the District. Livestock farming is also developed. There are a number of companies of local-level significance.

Kuvshinovsky District is located in the middle part of Tver Region, to the North-West of Tver and borders the following districts: Firovsky and Vyshnevolotsky Districts on the North, Selizharovsky and Ostashkovsky Districts on the West. The area of Kuvshinovsky District is 1874 km². The district consists of 13 settlements, including 1 urban and 12 rural ones.

The economy of the District is mostly in stagnation, though individual companies, i.e. mainly harvesting and processing facilities operate quite successfully.

Several highways and local roads run through the District: “Torzhok – Kuvshinovo - Ostashkovo”, “Vishnu Volochek – Esenovichi - Kuvshinovo” etc. The “Torzhok – Kuvshinovo - Soblago” railroad passes through the District.

On the territory of the District, 28 km away from Kuvshinovo, there is historical and natural reserve “Pryamuchino”, which is the Bakunins family estate. It was here that the famous Russian revolutionary and ideologist of anarchism, Michael Bakunin, was born and spent his early years.

Torzhoksky district is located in the central part of Tver Region and borders Vyshnevolotsky and Spyrinovsky Districts on the North, Lychoslavlsky and Kalininsky Districts on the East, Staritsky District on the South and Kuvshinovsky District on the West. The population of Torzhoksky District is 22 811 people. There are 459 populated localities within 22 rural settlements in Torzhoksky District.

Livestock farming is the leading agricultural sector of Torzhoksky District. The Moscow – Saint Petersburg highway and the Torzhok – Ostashkov and Torzhok – Vysokoe – Bernovo – Staritsa, as wel as the Octyabrskaya rail lines Lichoslavl – Torzhok – Rzhev and Torzhok – Kuvshinovo – Soblago run through the District.

Ostashkovsky District is located in the central part of the Valday Hills in the North – West of Tver Region. The district has bus and rail links with the Regional Center, Moscow and St. Petersburg. The regional center is Ostashkov which borders Penovsky, Selizharovsky, Kuvshonovsky and Firovsky Districts of Tver and Novgorod Regions.

The road network of the District comprises 560 km of roadways. There is a bus link with Tver, Moscow, St. Petersburg, Peno settlement, Selizharovo, commuter services. The passenger traffic with Moscow and St. Petersburg is provided by the personnel of the Ostashkov” railway station being a part of Velikiye Luki Line “

The municipal district consists of Ostashkov (town) and 11 rural settlements with 245 localities. The population is 23700 people, including 18070 people in urban and 5653 people in rural areas. Ostashkov is situated on the Southern bank of Lake Seliger. The rural settlements are predominantly concentrated along the banks of rivers and lakes. The main activities are agriculture, dairy cattle breeding and fishing.

Staritsky District is located in the Southern Part of Tver Region to the south – west of the Regional Center. The area of the District is 3006.1 km². The “St.Petersburg – Rzhev ” rail line runs through the district 15 km to the west of Staritsa. The “Tver - Rzhev” highway passes through Staritsa. Staritsky District consists of 1 urban and 8 rural settlements. The population is 23600 people.

Rzhevsky District is located in the South of Tver Region and borders the following districts: Staritsky District on the North, Zubtsovsky District on the East, Oleninsky District and Selizharovsky District on the West, and Sychevsky District of Smolensk Region on the South. The district covers the territory of 2760 km2.

In Rzhevsky District there are 389 localities within 7 rural and 1 urban settlements. Agriculture is of the main economic sectors of Rzhevsky District. Mechanic engineering is one of the main industrial sectors of the District.

The “Rzhev - Tver” road, developed network of rail lines allow for convenient transportation of various cargo types.

Forests cover 46% of the District territory which facilitates the development of forest and wood processing industries.

Detailed information about the supply base region (general description of the forest resources and forest management practices within the Supply Base) is publically available at the BP's homepage:

http://www.ultralam.ru/downloads/ot4et_resbaz.pdf

http://www.ultralam.ru/uk/downloads/ot4et_resbaz_eng.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	540 803 ha
Tenure by type (ha):	100% state owned, 100% private management
Forest by type (ha):	Boreal 540 803 ha
Forest by management type (ha):	100% Natural
Certified forest by scheme (ha):	540 803 ha FSC-certified forest

5.4 Chain of Custody system

BP holds valid FSC CoC certificate http://info.fsc.org/details.php?id=a0240000005sVW9AAM&type=certificate&return=certificate.php, using FSC transfer system of claims. Incoming secondary feedstock has FSC 100% claim. BP implements FSC transfer system of FSC claims. BP's FSC certificate scope also includes inputs of the feedstock with the FSC Controlled Wood claim, but BP does not produce wood pellets with FSC Controlled Wood claim and does not include it into SBP certificate scope.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on June 23, 2016 (8 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	23/06/2016 08.00-08.30
Documents and procedures review. Inputs review	Office	23/06/2016 08:30-10.00
Chain of custody review (site tour); staff interview	Pellet production site	23/06/2016 10:00-12.00
Break		23/06/2016 12:00-12:30
GHG calculation review	Office	23/06/2016 12:30-17:00
Closing meeting*	Office	23/06/2016 17:00 – 18:00
End of the evaluation		23/06/2016 18:00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov – lead auditor	NEPCon SBP lead auditor. He passed SBP auditor training in Tallinn in January 2015 and previous experience with SBP pre-assessment and SBP assessment in Russia.
Evgeniy Vikulov – auditor in training	NEPCon FSC FM and COC lead auditor. Participated as an observer for training purposes.

The assessment 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 assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, GHG data calculations/ data sheet, Supply Base Report and FSC system description was provided by the company prior to the assessment. Audit started with an opening meeting attended by the SBP responsible person and management representative.

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 5a 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, Director General and chief accountant were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour, reception process was observed, applicable records were reviewed, pellet production chief was interviewed and FSC system critical control points were analysed.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the BP management and SBP responsible person.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 20 May, 2016 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage http://www.nepcon.net/ru/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/%D0%BF%D1%83%D0%B1%D0%BB%D0%B8%D1%87%D0%BD%D0%BE%D0%B5-

%D1%83%D0%B2%D0%B5%D0%B4%D0%BE%D0%BC%D0%BB%D0%B5%D0%BD%D0%B8%D0%B5-20052016

No comments from the stakeholders were received.

7 Results

7.1 Main strengths and weaknesses

Strength: Use of the FSC transfer system with FSC 100% inputs only. Secondary feedstock originates as residues from BP's own primary processing facilities. Effective management system.

Weaknesses: see minor NCRs below in this report. Generally, there are no weaknesses in BP's management systems.

7.2 Rigour of Supply Base Evaluation

Not applicable. Supply Base Evaluation not covered by certificate scope. All feedstock is FSC 100% certified.

7.3 Compilation of data on Greenhouse Gas emissions

The BP has involved external consultant who helped with implementation of the system for collection of the emission and energy data. Most of the energy use data is based on actual information (electricity and nature gas), whereas calculation of diesel consumption for pellets transportation to consumer was conducted with implementation of engineering approaches.

7.4 Competency of involved personnel

Chief technologist and certification engineer are the main persons responsible for SBP certification. They showed excellent understanding of SBP requirements. All other staff interviewed by auditor was motivated and demonstrated good knowledge of their responsibilities.

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

None.

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

Non-conformities:

NCR: 01/16	**NC Classification: minor**	
Standard & Requirement:	SBP Standard # 2, requirement 7.3, requirement 2C 4.1	
Description of Non-conformance and Related Evidence:		
BP used the previous version of Supply Base Report template when preparing to SBP assessment. During assessment report preparation, new version of Supply Base Report (version 1.2) has been developed by SBP. Организация использовала предыдущую форму отчета о ресурсной базе при подготовке к оценке SBP. Во время подготовки отчета об оценке SBP была разработана новая версия (1.2) отчета о ресурсной базе.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	12 months	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☒ No ☐

NCR: 02/16	**NC Classification: minor**	
Standard & Requirement:	SBP Standard #4 requirement 6.2.1	
Description of Non-conformance and Related Evidence:		
It is not specified in SBP procedure that energy and carbon data are collected using the latest version of SBP Standard 5. В процедуре SBP не указано, что информация о затратах энергии должна собираться с использованием самой последней версии стандарта SBP № 5.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

Observations:

OBS: 01/16	**Standard & Requirement:**	SBP Instruction 5A, requirement 4.1.3
	Report Section	Appendix C
Description of findings leading to observation:	The amount of feedstock is determined by deducting the volume of rotary cut veneer from the volume of roundwood (logs) submitted to production (rotary cut) line. Объем сырья для производства пеллет определяется путем вычитания объема выхода сырого шпона из объема круглого леса, поданного на линию лущения.	
Observation / Наблюдение:	Where material is transported to site by pipe or conveyor belt (continuous delivery) from a neighbouring location, its weight should be measured by in-line measuring devices. В тех случаях, когда материал доставляется на производственный участок по трубе или конвейеру с соседнего участка, его вес рекомендуется измерять встроенными в трубу или конвейер измерительными устройствами.	

11 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The Biomass producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.**	
Certification decision by: Ondřej Tarabus	
Date of decision: 19th September 2016	

12 Surveillance updates

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Elena Firsova, certification engineer
Auditor(s):	Nikolai Tochilov Evgeny Vikulov
People Interviewed, Titles:	Elena Firsova, certification engineer Tatiana Tokareva, chief technologist Alexey Filippov, chief of pellet production Tatiana Sorokina, H&S engineer Ludmila Ostrenkova, controller Marina Vinogradova, chief of quality monitoring department Olga Golubeva, engineer of energy department
Brief Overview of Audit Process for this Location:	See section 6.2
Comments:	No comments