

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of GRANTOP-EXPORT LLC Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report 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

© Copyright The Sustainable Biomass Partnership Limited 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	8
5.4	Chain of Custody system	8
6	Evaluation process	9
6.1	Timing of evaluation activities	9
6.2	Description of evaluation activities	9
6.3	Process for consultation with stakeholders	10
7	Results	11
7.1	Main strengths and weaknesses	11
7.2	Rigour of Supply Base Evaluation	11
7.3	Compilation of data on Greenhouse Gas emissions	11
7.4	Competency of involved personnel	11
7.5	Stakeholder feedback	11
7.6	Preconditions	11
8	Review of Biomass Producer’s Risk Assessments	12
9	Review of Biomass Producer’s mitigation measures	13
10	Non-conformities and observations	14
11	Certification decision	15
12	Surveillance updates	16
12.1	Evaluation details	16
12.2	Significant changes	16
12.3	Follow-up on outstanding non-conformities	16

12.4 New non-conformities 16

12.5 Stakeholder feedback 16

12.6 Conditions for continuing certification 16

12.7 Certification recommendation 16

13 Evaluation details..... 17

1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.org, +420 606 730 382

Report completion date: 09/Oct/2017

Report authors: Roman Kurakin, Nikolai Tochilov

Certificate Holder: GRANTOP-EXPORT LLC

Office address: 32 Chelyuskintsev,street, Vologda 160009 Russia

Production site address: Urochische Altay, 2, 162107, Kadnikov, Vologda region, Russia

Producer contact for SBP: Aleksandr Sinitsyn, export department manager, tel. +7(921)0705700, Email: Alexsin1989@yandex.ru, grantop35@yandex.ru

Certified Supply Base: Sourcing from Russia, Komi Republic, Arkhangelsk, Vologda, Yaroslavl and Kirov regions

SBP Certificate Code: SBP-01-87

Date of certificate issue: 02/Nov/2017

Date of certificate expiry: 01/Nov/2022

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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The certificate scope covers the main office in Vologda and pellet production site in Kadnikov settlement, Vologda region, Russia.

The BP holds valid FSC Chain of Custody, covering pellet production and implements FSC transfer system of claims <https://info.fsc.org/details.php?id=a023300000azFuUAAU&type=certificate>.

BP purchases secondary feedstock (sawdust and woodchips) from 3 FSC certified suppliers. The feedstock has either FSC 100% certified or FSC Mix Credit claim. Origin of the feedstock is Komi Republic, Arkhangelsk, Vologda, Kirov and Yaroslavl regions; potentially the feedstock may originate from any region of Russia – therefore BP included the whole forest territory of Russia into their Supply Base. BP does not purchase now non-certified secondary feedstock for biomass production, however this option is mentioned in their FSC CoC system – in such case this feedstock will be handled separately at all stages of production and sales.

Scope description: Production of wood pellets in Kadnikov settlement, Vologda region, Russia, for use in energy production. Purchase and sales of SBP-certified biomass from other SBP-certified biomass producers (as a trader without physical possession of certified material). Post production end point is Saint Petersburg harbour (truck FCA, Incoterms). The scope of the certificate does not include Supply Base Evaluation.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0 https://sbp-cert.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer		<input type="checkbox"/>
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock	
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock	
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock	

Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour – Permanent storage (Storage site)	<input type="checkbox"/> Harbour – Temporarily storage (Logistic site)	<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
Provide name of all points of sales	-	-	- Saint Petersburg harbour (truck FCA, Incoterms)		
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:				
Sub-scopes					<input type="checkbox"/>
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;
- 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, accompanied by Instructions 5A, 5B, 5C, Version 1.1 October 2016

Standards and instructions are available at SBP homepage: <https://sbp-cert.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 pellet producer situated in Vologda region, Russia. Only secondary feedstock with FSC Mix Credit and FSC 100% claims is sourced. FSC transfer system of claims is used for pellet production (all pellets have FSC Mix claim). The final product is transported by truck to S.Petersburg sea port on FCA conditions of Incoterms.

Total annual production capacity of pellet plant is 40000 tones. Pellet production belongs to the other legal entity and BP uses contractor agreement for biomass production. Feedstock and biomass all the time belong to BP, and other legal entity only provides services on pellet production. There are no other contractors, i.e. other (certified or non-certified) feedstock is not delivered to production site and biomass belonging to the other legal entities is not produced.

Pellet production has been commissioned in January 2010.

5.2 Description of Biomass Producer's Supply Base

"GRANTOP-EXPORT" LLC buys feedstock of three suppliers, who obtain FSC certificates. The suppliers in their turn buy feedstock (certified as well as controlled) from Republic of Komi, Arkhangelsk, Vologda, Kirov, Yaroslavl regions and other regions of Russia, so the description of the supply base is given nationwide.

The total area of forest lands in Russia is 764 mln. ha, accounting for about 21% of the world standing timber. Coniferous species makes up 68,4%, hard-wooded broadleaved species – 2,4%, soft-wooded broadleaved species – 19,3%. Other tree species makes up less than 1%.

In accordance with Russian legislation all forest lands are state owned. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration,
- to provide annual forest declaration,
- to issue a forest exploitation project,
- to provide a report on the forests use, their conservation, protection and regeneration.

High quality reproduction of forest resources and protective forestation is a prerequisite for forest management. All reforestation activities within leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest exploitation projects.

The forest complex of the Russian Federation including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy. About 60 000 of large-scale, medium-sized and small enterprises in all regions of the country are involved in Russian forest complex. The total number of employees in the forest complex of Russia is about 1 mln. people.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is about 40 mln. ha, or 30% of the total number of leased forests. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies which indicates the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements.

The supply base of “GRANTOP-EXPORT” LLC

The supply base of “GRANTOP-EXPORT” LLC is the total area of forest land of Russia on the whole. The total area of the supply base is 764 mln. ha.

Coniferous forests (pine, spruce), which are not included in CITES and international agreements on environment protection, form the most part of the supply base.

Forest management is based on achievement of inexhaustible sustainable use of forest resources according to the requirements of forest laws and forest certification principles, if applicable. Rotation period is 60-120 years. One or two thinnings and clearcut of mature forest with forest regeneration are made during rotation period. Seedlings planting or natural forest regeneration can be used for forest regeneration. Inexhaustible use of forest resources is also implemented. Inexhaustible use of forest resources is based on 15 – 20-year cycle of harvesting with selective harvesting and viable young growth retaining.

Intact forests and wetlands of international importance are located at the territory of Russia. Small-numbered indigenous nations live here. So in order to minimize the risk of wood of unknown origin in FSC Chain of Custody, “GRANTOP-EXPORT” LLC buys only FSC certified feedstock from FSC certified suppliers.

“GRANTOP-EXPORT” LLC works with three suppliers of FSC certified saw-milling waste. If “GRANTOP-EXPORT” LLC ramps up the production volume, it will use only FSC certified saw-milling waste. At the moment “GRANTOP-EXPORT” LLC receives feedstock with FSC Mix Credit claim from two suppliers, and feedstock with FSC 100% claim – from the third supplier. This feedstock refers to the category - SBP-compliant feedstock.

Under current conditions “GRANTOP-EXPORT” LLC has an opportunity to produce pellets with SBP-compliant biomass claim. All supplied resources belong to the category of “SBP-compliant secondary feedstock”. Wood chips for heat generation are used as feedstock. Wood chips for heat generation are not certified but their origin is known and this is documented. In order to confirm the legality of the origin of this type of feedstock, suppliers provided lease contracts and forest declarations, which reflect supply territories (forestry and logging quarters), trees and tree species allowed for harvesting.

“GRANTOP-EXPORT” LLC will be using only FSC certified wood chips for heat generation after audit.

Proportion of the species of supplied resources is 30% - pine, 70% - spruce. This proportion is the same for both wood dust and chips.

“GRANTOP-EXPORT” LLC is of a great socio-economic importance in Vologda region. The company is involved in charity events, provides financial support for sociocultural objects and organisations, sport organisations (rural settlements, schools, museums, churches, veterans’ communities).

Forest industry in Russia is one of the leading industries speaking from the perspective of working population involved and the volume of tax deductions to all budget levels.

Please see more description of the Supply Base in BP's supply base report available in Internet at BP's homepage <http://bio-teplo.com/about/>

More specifically, English version of SBR is posted here: <http://bio-teplo.com/wp-content/uploads/2016/05/Supply-Base-Report-GRANTOP-EXPORT-LLC.pdf>

Russian version of SBR is posted here: <http://bio-teplo.com/wp-content/uploads/2016/05/%D0%9E%D1%82%D1%87%D0%B5%D1%82-%D0%BE-%D0%A0%D0%B5%D1%81%D1%83%D1%80%D1%81%D0%BD%D0%BE%D0%B9-%D0%91%D0%B0%D0%B7%D0%B5-%D0%93%D0%A0%D0%90%D0%9D%D0%A2%D0%9E%D0%9F-%D0%AD%D0%9A%D0%A1%D0%9F%D0%9E%D0%A0%D0%A2-%D0%9E%D0%9E%D0%9E.pdf>

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	464 mln. ha
Tenure by type (ha):	public 764 mln. ha
Forest by type (ha):	boreal 764 mln. ha
Forest by management type (ha):	managed natural 764 mln. ha
Certified forest by scheme (ha):	43,5 mln. ha FSC-certified forest

Quantitative description of the Supply Base can be found in the Biomass Producer's Supply Base Report.

5.4 Chain of Custody system

BP is a pellet producer situated in Vologda region, Russia. Only secondary feedstock with FSC Mix Credit and FSC 100% claims is sourced. FSC transfer system of claims is used for pellet production (all pellets have FSC Mix claim).

In case non-certified material will be purchased, it will be handled separately from certified material at all stages.

Chain of custody system also includes FSC certified biomass trading (purchase and sales) from other FSC certified biomass producers.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on September 06, 2017 (8 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office at Vologda	06/09/2017 09.30-09.50
Documents and procedures review. Inputs review, energy use calculations review	Office at Vologda	06/09/2017 09:50-13.00
Chain of custody review (site tour); staff interview	Pellet production site at Kadnikov settlement	06/09/2017 13.00-16.00
Documents and procedures review	Office at Vologda	06/09/2017 16:00-17.00
Closing meeting*	Office at Vologda	06/09/2017 17.00-17.30
End of the evaluation		06/09/2017 17.30

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Roman Kurakin	Audit team member. NEPCon SBP lead auditor. He has successfully passed the SBP lead auditor training in December 2016 (Amsterdam, Netherlands). During the

	last year he participated in 5 SBP assessments and annual audits in Russia.
Nikolai Tochilov	Audit team leader. NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 20 SBP assessments and annual audits in Russia.
Alexander Gorbunov	SBP trainee, participated in this assessment 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, SAR, SBP Profiling data and Supply Base Report and FSC system description was provided by the company at the beginning of the assessment. Audit started with an opening meeting attended by the SBP responsible person and the management of the organization.

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

After that auditors went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a, 5b, 5c 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 and controlled biomass. During the process overall responsible person for SBP system and other staff were interviewed.

After a roundtrip around BP's pellet production was undertaken at Kadnikov settlement. During the site tour, applicable records were reviewed, staff was interviewed and FSC system critical control points were analysed.

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

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on July 25, 2107 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage at the same date.

No comments from the stakeholders were received.

7 Results

7.1 Main strengths and weaknesses

Strength: Use of the FSC transfer system. Effective recordkeeping system. Clearly designated responsibilities within the staff members.

Weaknesses: See minor NCR below in this report.

7.2 Rigour of Supply Base Evaluation

Not applicable.

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. Energy use data are based on actual production results.

7.4 Competency of involved personnel

The SBP responsible staff (export department manager, production director and accountant) has shown good understanding of the requirements in relation to SBP certification and of the FSC CoC system.

7.5 Stakeholder feedback

No feedback from stakeholders have been 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

NCR: 01/17	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 4 requirement 6.3.1
Description of Non-conformance and Related Evidence:	
<p>According to legal requirements, BP has to pass special attestation of the working places, where the quality of working conditions is evaluated. At the moment of this SBP evaluation, attestation of the working places has not been yet completed.</p> <p>Согласно действующему законодательству, производитель пеллет должен провести Специальную Оценку Условий Труда. На момент основной оценки SBP, СОУТ не проведена.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>
Timeline for Conformance:	<p>By the next annual surveillance audit, but not later than 12 months from report finalisation date / К следующему ежегодному аудиту, но не позднее 12 месяцев с момента финализации отчета</p>
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN / ОТКРЫТО

Please list of the non-conformities which are likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

NONE

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	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 NEPCon will obtain the approval from SBP technical committee. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondrej Tarabus	
Date of decision: 09.10.2017	
Next surveillance audit should take place:	<input checked="" type="checkbox"/> within 12 months <input type="checkbox"/> more frequently (please specify)

12 Surveillance updates

12.1 Evaluation details

Not applicable.

12.2 Significant changes

Not applicable.

12.3 Follow-up on outstanding non-conformities

Not applicable.

12.4 New non-conformities

Not applicable.

12.5 Stakeholder feedback

Not applicable.

12.6 Conditions for continuing certification

Not applicable.

12.7 Certification recommendation

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Aleksandr Sinitsyn, SBP certification responsible, export department manager
Auditor(s):	Roman Kurakin, Nikolai Tochilov
People Interviewed, Titles:	Aleksandr Sinitsyn, SBP certification responsible, export department manager Valery Patlanenko, production director Natalia Bezzubova, accountant Denis Korolev, operator
Brief Overview of Audit Process for this Location:	Please see section 6.2 of the report above
Comments:	-