Sustainable Biomass Program

# NEPCon Evaluation of AO Belozersky Lespromkhoz Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org

# 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*

*Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1: published 30 January 2018*

*Version 1.2: published 4 April 2018*

*Version 1.3: published 10 May 2018*

*Version 1.4: published 16 August 2018*

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# 1 Overview

| | |
|---|---|
| CB Name and contact: | NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia |
| Primary contact for SBP: | Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382 |
| Current report completion date: | 13/Jan/2020 |
| Report authors: : | Nikolai Tochilov |
| Name of the Company: | AO Belozersky Lespromkhoz. Legal address: 48-4 Radishcheva str., Belozersk, Vologda region 161200, Russian Federation. Production site address: 16 Novaya str., stlm. Nizhnyaya Mondoma, Vologda region, 161232 Russian Federation |
| Company contact for SBP: | Nikolay Lukyanov, pellet plant manager. Mob.: +79992608373; email: pellet.bellph@cherles.ru |
| Certified Supply Base: | Russia, Vologda region |
| SBP Certificate Code: | SBP-07-62 |
| Date of certificate issue: | 09/Mar/2020 |
| Date of certificate expiry: | 08/Mar/2025 |

This report relates to the Main (Initial) Audit

# 2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Nizhnyaya Mondoma, Vologda region, Russia, for use in energy production, and its transportation by different means of transport to different end points all over the world. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

# 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 and assessment of compliance with ID 5E ver. 1.0.

# 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

Organisation is a primary (sawmilling) and secondary (pellet production) manufacturer located in Nizhnyaya Mondoma settlement, Vologda, Russia. Total annual production capacity of pellet plant is 25 000 tones.
Only secondary feedstock with FSC 100% claim is used for FSC/SBP certified pellet production (sawdust) and heating (mixture of wood chips and barks). FSC-certified secondary feedstock is supplied from Organisation's sawmill located at the same production site.
FSC transfer system of claims is implemented for pellet production (all pellets have FSC 100% claim).
The final product may be transported by different means of transport to different end points in Russia, on different Incoterms delivery conditions.

## 5.2 Description of Company's Supply Base

AO "Belozersky Lespromkhoz" is a large logging and wood processing enterprise of a full cycle in the Vologda region of the Russian Federation. AO "Belozersky Lespromkhoz" is part of the holding of AO LHK Cherepovetsles along with three other enterprises, which are also suppliers of round timber for AO "Belozersky Lespromkhoz". All holding enterprises holds FSC forest management certification and the FSC group chain of custody certificate. Also, wood with a FSC 100% claim comes from a third-party supplier, a forest lease holder.

Accordingly, the residues received from the sawmill and processed into biomass at the pellet plant are also FSC certified with an FSC 100% claim, or SBP-compliant secondary feedstock. Species composition: 25% - Scots pine (Pinus sylvestris), 75% - European spruce (Picea abies).

The supply base of AO Belozersky Lespromkhoz is the Vologda region of the Russian Federation. Vologda region is one of the leading forest regions of Russia. The total area of the forest fund of the Supply Base is 11,5 million hectares. In protective forests along lakes, swamps and other environmentally sensitive objects, a more strict management regime is applied. The share of mature and overmature forest stands is approximately 3/4 of the timber stock. Softwoods account more than 70%.

Officially, the forest territory of the Russian Federation (forest fund) accounts for 254,7 billion $m^3$ of the global standing stock of wood, that is, about 21%. The forest fund of Russia is 1 173,9 million ha.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration and make addendums to it about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Sanitary felling is also possible. The maximum cutting area is limited to 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration. Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

The supply base regions are located within the taiga forest and central belt of Russia.

| Region | Nature zone according to Russian classification | Nature zone according to western classification | Area of forest fund, mln. ha |
|---|---|---|---|
| Vologda Region | Middle taiga, southern taiga | Boreal forest | 11,5 |

In the middle taiga, mixed forests of dark coniferous, light coniferous, and small-leaved trees in different combinations are often formed. Norway spruce (Picea abies) and Scots pine (Pinus sylvestris) prevail as coniferous species in the southern taiga. In the southern taiga there is an admixture of hardwood in the second layer.

AO Belozersky Lespromkhoz processes only Scots pine (Pinus sylvestris) and Norway spruce (Picea abies). Woody species listed in the Red Book of the Russian Federation are not harvested or processed. Harvesting of tree species that are on the IUCN and CITES lists is excluded, since the distribution range of these species is outside the Organization's supply base.

The presence of vast forests with a predominance of mature stands of economically valuable species contributed to the rapid development of the logging industry in the region. In terms of its timber potential, the Vologda region is located in one of the leading places in the North-West of Russia. The logging industry is the core industry of the forest industry. The main consumers of wood in the Vologda region are large enterprises of the woodworking industry. In recent years, priority in the transfer of forests for rent has been given to enterprises in which logging is integrated with wood processing.

In terms of wood processing, AO Belozersky Lespromkhoz is one of the largest enterprises in the Vologda region. However, not all residues are used for the production of pellets. Some of them are used for the construction of forest roads, or burned in their own boiler room.

## 5.3 Detailed description of Supply Base

| | |
|---|---|
| Total Supply Base area (ha): | 11,5 mln. ha |
| Tenure by type (ha): | public 11,5 mln. ha |
| Forest by type (ha): | boreal 11,5 mln. ha |
| Forest by management type (ha): | managed natural 11,5 mln. ha |
| Certified forest by scheme (ha): | 1169347,5 ha FSC-certified forest |

Detailed information about BP's supply base may be found in their Supply Base Report available at mother company homepage . http://cherles.ru/en/activities/pellety/sertifikaty-pellety/ (English version) and http://cherles.ru/activities/pellety/sertifikaty-pellety/ (Russian version).

## 5.4 Chain of Custody system

Organisation is included as a site into the scope of the multi-site FSC CoC certificate

https://info.fsc.org/details.php?id=a0240000005sR4aAAE&type=certificate which is held by AO LHK Cherepovetsles (mother company). Only secondary feedstock (sawdust) with FSC 100% claim is used for pellet production and FSC transfer system of claims is implemented (all pellets have FSC 100% claim).

Non-certified feedstock is not processed, neither used for heating.

# 6 Evaluation process

## 6.1 Timing of evaluation activities

Onsite audit was conducted on February 10-11, 2020 (12 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

| Activity | Location | Date/time |
|---|---|---|
| Opening meeting | Office | 10/02/2020<br><br>10.00-10.15 |
| Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview. | Office | 10/02/2020<br><br>10.15-12.00<br><br>12.30-16.00 |
| Documents and procedures review (SAR and energy use primary data); staff interview | Office | 11/02/2020<br><br>09.00-12.00 |
| Chain of custody review (site tour); staff interview | Production facilities | 11/02/2020<br><br>12.30-13.30 |
| Documents and procedures review (SAR and energy use primary data); staff interview | Office | 11/02/2020<br><br>13.30-15.30 |
| Closing meeting | Office | 11/02/2020<br><br>15.30-16.00 |

## 6.2 Description of evaluation activities

Composition of audit team:

| Auditor(s), roles | Qualifications |
|---|---|
| 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 40 SBP assessments and annual audits in Russia and Europe. |

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 in the beginning of the assessment, which started with an opening meeting attended by the representatives from Organisation's management and staff.

Audit team leader 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.

After a roundtrip around BP's pellet production was undertaken. 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.

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## 6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on December 08, 2019 by sending direct email to different stakeholder categories. No comments from the stakeholders have been received. List of informed stakeholders is the same which is used for FSC FM/COC assessments notification in Russia. This list was compiled by FSC Russia; it is available at FSC Russia homepage https://ru.fsc.org/ru-ru and includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, indigenous peoples' communities (where applicable), state forestry authorities, trade unions etc.

# 7 Results

## 7.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% secondary feedstock is sourced; non-certified feedstock is not accepted. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: no weaknesses identified during assessment.

## 7.2 Rigour of Supply Base Evaluation

Not applicable.

## 7.3 Collection and Communication of Data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock delivery and handling; diesel for biomass shipping and transportation to customer. Diesel consumption value by front-end loaders is based on engineering calculations (because these loaders are engaged in pellet production only part time). Diesel consumption value by forklift loader in based on actual fuel consumption (full time engagement at pellet plant). Electricity consumption by pellet plant and boiler is based on readings obtained from installed electric meters; electricity consumption by warehouse (lighting) is based on engineering calculations.

## 7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: Generally, pellet plant manager takes responsibility for implementation of almost all requirement related to SBP certification. The rest staff members involved to SBP certification are: power engineer (collection of data on electricity consumption), declarant (entering the deals into DTS), chief of sales department (information on new routes and delivery distances for shipped biomass) and deputy director on wood processing (H&S responsible). Prior to and during SBP assessment, BP was supported by external consultant, who also have provided relevant training to BP staff.

## 7.5 Stakeholder feedback

No comments received from stakeholders prior, 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.*

No NCRs and/or Observations raised during this assessment.

# 11 Certification decision

| **Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:** | |
|---|---|
| **Certification decision:** | Certification approved |
| **Certification decision by (name of the person):** | Ondrej Tarabus |
| **Date of decision:** | 06/Mar/2020 |
| **Other comments:** | *Click or tap here to enter text.* |