SBP

Sustainable Biomass Program

NEPCon Evaluation of Grillkoff LLC 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

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Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

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1 Overview

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Current report completion date:	26/Apr/2020
Report authors: :	Roman Kurakin
Name of the Company:	Grillkoff LLC, legal and mailing address: 170007, Tver region, Tver, Shishkova str., 116, Russia; physical location: 172201, Tver region, Selizharovskiy district, vil. Yazykovo, Russia
Company contact for SBP:	Sergey Alexandrov, aleksandrov@grillkoff.ru, +79213134744
Certified Supply Base:	Tver region, Russia
SBP Certificate Code:	SBP-07-92
Date of certificate issue:	27/Apr/2020
Date of certificate expiry:	26/Apr/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Yazykovo, Tver 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 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.
- Assess compliance against Instruction Document 5E

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 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

BP is a pellet producer situated in Tver region, Russia. The organization is primary processor. The main raw material for the production of pellets is firewood (roundwood). BP is also using wood processing waste of the own sawmill as a feedstock for the pellet production.

Only feedstock with FSC 100% is going to be sourced for SBP pellets. Raw materials FSC 100% are also used for drying. FSC transfer system of claims is used for pellet production. The final product is transported by truck to customer.
Total annual production capacity of pellet plant is 35 000 tones. Pellet production has been commissioned in 2020.

5.2 Description of Company's Supply Base

Grillkoff LLC is a biomass producer located in a rural area in the village of Yazykovo, Tver Region. Grilkoff LLC produces SBP certified biomass from FSC certified primary and secondary feedstock purchased from suppliers, as well as from a small amount of its own sawing residues. In addition, Grillkoff LLC produces non-certified biomass and it's production physically and in time is separated from the production of certified biomass. In the first reporting period, Grillkoff LLC purchased FSC certified feedstock from one supplier and uncertified feedstock from eight suppliers. The species composition of incoming feedstock: Aspen (Populus tremula) - 96%, Scotch pine (Pinus sylvestris) and Norawy spruce (Picea abies) - 4%.

The Supply base of LLC Grilkoff is the area of the forest fund of the Tver region.

Tver region is one of the twenty most forested regions of Russia. 55% of the region is forested. The land area of the forest fund in the Tver region is 4873,8 thousand hectares. The total stock of wood is 731,02 million cubic meters.

Forest area in different parts is not the same. The north-western and northern regions are the most aforested areas. A strongly deforested area occupies the eastern part of the region, where only about 10% of the area is covered with forests. Even more deforested area is the southern one.

The distribution of different forest types across the region is very uneven, which is due to various natural conditions and economic activities. Most of the region's territory lies in the zone of mixed forests. Supply base is in the north of Tver region and belong to the South-taiga forests zone, the region of the South-taiga forests of the European part of Russian Federation.

In accordance with the economic, ecological and social significance, the forests of the Tver region are classified as protective (40%) and exploitation forests (60%). Area distribution by species is: 31% of the area - coniferous species, 69% - deciduous species. The main forest-forming tree species are: Scots pine (Pinus

sylvestris), Norway spruce (Picea abies), Silver birch (Betual pendula), aspen (Populus tremula), black alder (Alnus glutinosa), gray alder (Alnus incana). The areals of species listed in CITES and IUCN do not occur within the Supply base.

Over the past few years, the Tver region is actively developing forest lease relations. Forest sites are transferred by the state to lease loggers for up to 49 years. 70% of forests are leased out, the rest remain in state ownership. 99% of the leased areas are handed over for logging.

The main use types of forests are: logging; construction, reconstruction, operation of linear objects; implementation of recreational activities; performance of works on geological study of subsoil, development of mineral deposits.

On forest areas leased for logging, reforestation and maintenance is carried out by tenants of these forest areas.

The main element of forest reproduction is artificial reforestation, which is carried out by planting seedlings on clear cuts and other non-forested areas. In the Tver region, 40,7% of the total reforestation is carried out by the establishment of planted forest, 52,5% - by the promotion of natural regeneration, 0,5% - combined reforestation.

There are 5 permanent forest nurseries in the Tver region for growing a standard softwood seedlings.

The annual timber harvest in the region is about 4,4 million cubic meters. At the same time, the volume of harvested wood in the Tver region is 48% of the allowed annual harvest, which ensures, on the one hand, the sustainable use of forests, and on the other hand, leads to non-use of the annual allowable cut, especially for deciduous forests. The existing production capacities of timber enterprises do not allow sufficient processing of harvested deciduous species of aspen and alder, as well as low quality raw material of all species. In the Tver region there are only three enterprises for the processing of deciduous species on an industrial scale. The use of deciduous species in the production of pellets is insignificant across the region. Grillkoff LLC is one of the three largest pellet producers in the region with a capacity of 35 thousand tons per year.

The socio-economic function of logging companies in the Tver region is regulated by legislation, in particular, 2% of the filling volume of coniferous species and 4% of hardwood shall be allocated for construction and heating needs of local people. When hiring, preference is mainly given to the local population.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	4873,38 thousand ha
Tenure by type (ha):	100%, state ownership
Forest by type (ha):	0,4 mln. ha boreal / 4,5 mln. ha temperate
Forest by management type (ha):	4873,8 thousand ha, natural, managed according to lease Agreements.
Certified forest by scheme (ha):	1589973,03 ha, FSC certified

Detailed information about BP's supply base may be found in their Supply Base Report available at company homepage: http://www.grillkoff.ru/o-kompanii/o-nas.html

5.4 Chain of Custody system

The BP holds valid FSC Chain of Custody certificate NC-COC-059377

https://info.fsc.org/details.php?id=a02f300000jmZe7AAE&type=certificate

BP implements FSC transfer system. Both raw materials and final products are FSC 100% certified.

BP sources logs from FSC 100% certified lease area. Also, BP is going to buy non-certified raw materials.

After the reception, incoming feedstock is registered in BP's database and sent for separate storage (FSC or non-certified). Certified and non-certified raw materials are processed separately.

Conversion factors are established and regularly revised based on actual production data. Pellets are mostly produced of the primary feedstock (not a significant part of sawmill waste).

6 Evaluation process

6.1 Timing of evaluation activities

Onsite main assessment was conducted on 10.04.2020 (5 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews. Prior to onsite visit, detailed desk verification of documents has been implemented (8 h).

Activity	Location	Date/time
Desk-based verification of documents.	Desk	07.04.2020 10.00 – 18.00
Opening meeting*	Office	10/04/2020 12.00-12.30
Documents and procedures review, staff interview.	Office	12.30-15.00
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	15.00-16:00
Documents and procedures review; staff interview.	Office	16.00-16.30
Closing meeting*	Office	16.30-16.45
End of the evaluation	Office	17.00

6.2 Description of evaluation activities

Composition of audit team:

Roman Kurakin	Role: Lead auditor

	NEPCon SBP lead auditor. He passed SBP lead auditor training course in Dec. 2016 in Amsterdam and participated in a number of SBP assessments and annual audits in Russia.

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 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 before the beginning of the assessment.

Assessment 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 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.

The evaluation was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

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

07/03/2020 the information letter (e-mail) was sent to the stakeholders. More than 100 stakeholders was informed about the assessment. No feedback has been received from them. List of informed stakeholders 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

Strength: FSC transfer system of claims. All certified raw materials for the production of pellets SBP at the time of the assessment come as FSC 100%. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: Not identified.

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 traktor and forklift loaders in based on actual fuel consumption (full time engagement at pellet plant). Electricity consumption by pellet production is based on engineering calculations.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Very few staff members are involved into SBP certification: pellet plant manager takes responsibility for implementation of almost all requirement related to SBP certification. The rest staff members involved to SBP certification are: accountant (entering the deals into DTS), laboratory assistant (measurement of humidity and quality), raw material receiver (collects data for SAR) 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 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.*

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):	Nikolai Tochilov
Date of decision:	26/Apr/2020
Other comments:	*Click or tap here to enter text.*