

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

First Surveillance Audit

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

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

Document history

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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:	29/Jun/2020
Report authors: :	Roman Kurakin
Name of the Company:	GRANTOP-EXPORT LLC. Office address: office 515a, 52 Maltseva street, Vologda 160009 Russia. Production site address: 19 Galanicheva street, Belozersk 161200, Vologda region, Russia
Company contact for SBP:	Alexey Zenkov, commercial director. Email: zenkoval-2007@yandex.ru; mobile: +79218240008
Certified Supply Base:	Russia, Vologda region
SBP Certificate Code:	SBP-07-20
Date of certificate issue:	04/Apr/2019
Date of certificate expiry:	03/Apr/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets, for use in energy production, at pellet production site in Belozersk town of Vologda region, Russia and transportation by truck to St Petersburg harbour (FCA delivery conditions of Incoterms). 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 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

GRANTOP-EXPORT LLC (hereafter referred as Biomass Producer, or BP) is a pellet producer situated in Vologda region, Russia. Only secondary feedstock (sawdust) with FSC 100% is sourced to pellet production (as well as for the use in dryer]. FSC transfer system of claims is used for pellet production (all pellets have FSC 100% claim). The scope of the FSC certificate includes the FSC Mix claim but on this site at the time of the audit, only the FSC 100% is applicable. The final product is transported by truck to S.Petersburg sea port on FCA conditions of Incoterms.

Total annual production capacity of pellet plant 15600 tones.

5.2 Description of Company's Supply Base

GRANTOR-EXPORT buys raw materials from a single supplier, LLC "Belozerskles", which holds the FSC certificate. The supplier, in turn, buys raw materials (only certified) from the Vologda region, Belozersky, Vashkinsky, Babayevsky district. Forest resources of the Vologda region occupy an area of 11.7 million hectares, which is 81% of the territory, including 9.9 million hectares of forest covered area. There are lands of specially protected natural areas in the region – 121.2 thousand hectares.

The lands of the forest fund of the Vologda region are distributed for protective and operational purposes. The area of protective forests 1781,2 thousand ha (15.5% of total area), commercial forest - 9692,1 thousand ha (84,5 %).

The total volume of standing stock in the region is 1614.9 million m³, including the stock of mature and overmature – 1074.6 million m³.

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.

Currently, there are 1442 companies in the forest complex of the Vologda region. In the forestry complex of the Northwest Federal district the share of the Vologda region is 18.2% in the manufacture of lumber, and 28,9% of veneer mills, 32.9 % – of chipboards and 41.1% - of fibreboard.

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 total area of the certified forest Fund in the Vologda region is more than 2.4 million hectares. 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 Vologda region on the whole. The total area of the supply base is 9,9 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.

According to non-governmental organizations, in the Vologda region there is one separate area of intact forests with a total area of about 95.5 thousand hectares (0.8% of the forest area of the region). This array of intact forests is Kaduysky, Cherepovetsky and Ustyuzhensky district. So in order to minimize the risk of wood of unknown origin in FSC Chain of Custody, GRANTOP-EXPORT buys only FSC certified feedstock from FSC certified suppliers.

GRANTOP-EXPORT works with one supplier of FSC certified saw-milling waste. If GRANTOP-EXPORT ramps up the production volume, it will use only FSC certified saw-milling waste. At the moment GRANTOP-EXPORT receives feedstock with FSC 100 % claim. This feedstock refers to the category - SBP-compliant feedstock.

Under current conditions GRANTOP-EXPORT has an opportunity to produce pellets with SBP-compliant biomass claim. All supplied resources belong to the category of “SBP-compliant secondary feedstock”. Proportion of the species of supplied resources is 30% - pine, 70% - spruce.

GRANTOP-EXPORT 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.

Detailed information on supply base may be found in BP's Supply Base Report: <http://bio-teplo.com/certificates/>

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	9,9 mln. ha
Tenure by type (ha):	state owned 9,9 mln. ha
Forest by type (ha):	boreal 9,9 mln. ha
Forest by management type (ha):	managed natural 9,9 mln. ha
Certified forest by scheme (ha):	2,4 mln. ha FSC-certified forest

5.4 Chain of Custody system

BP holds valid FSC CoC certificate

<https://info.fsc.org/details.php?id=a023300000azFuUAAU&type=certificate>, using FSC transfer system of claims. BP uses only secondary feedstock (sawdust) with FSC 100% claim as a material for pellet production. Non-certified feedstock is not purchased and not accepted.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on 20-31.03.2020 (11 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Inspection of production site; staff interview and documents review onsite	Belozersk, Vologda region	20/03/2020 10.00-13.00
Travel	From Belozersk to Vologda	20/03/2020 13.00-16.00
Opening meeting*	Office in Vologda	20/03/2020 16.00-16.15
Review of the documents related to FSC CoC, staff interview	Office in Vologda	20/03/2020 16.15-17.00
Management system review	Office in Vologda	20/03/2020 17.00-18.00
Energy use data review	Office in Vologda	20/03/2020 18.00-20.00
Interview of the responsible officer by phone	Phone	31/03/2020 10.00-10.30
Closing meeting*	Office	31/03/2020 10.30-11.00
End of the evaluation	Office in Vologda	31/03/2020 11.00

6.2 Description of evaluation activities

The audit 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 the collection of the energy and emission data.

Description of the audit evaluation:

All SBP related documentation connected to the SBP as well as FSC system of the organisation, including SBP Procedures, GHG related data, Supply Base Reports, were evaluated during the audit.

Auditor was welcomed in the company. Audit started with an opening meeting.

Auditor introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification 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 documents 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 feedstock/ biomass. During the process overall responsible person for SBP system and as well as other persons having key responsibilities within the system were interviewed.

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

At the end of the audit findings were summarised and assessment conclusion based on use of 3 angle evaluation method were provided to the representatives of the company.

Composition of audit team:

Auditor(s), roles	Qualifications
Roman Kurakin	Role at the audit: lead auditor Qualification: NEPCon SBP lead auditor. She successfully passed SBP auditor training course in December 2016 in Amsterdam and participated in a number of SBP assessments and annual audits in Russia.

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

No stakeholder consultations conducted prior or during this annual audit.

7 Results

7.1 Main strengths and weaknesses

Strengths: Use of the FSC transfer system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: No weaknesses identified by auditor.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

During the main assessment the BP has already implemented all the requirements for collection of energy data. See more details In Annex C of the report.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. This is 3rd SBP certificate gained by this Organisation.

7.5 Stakeholder feedback

No stakeholder comments are received.

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

No non-conformities identified during this evaluation.

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):	Olesja Puiso
Date of decision:	29/Jun/2020
Other comments:	<i>Click or tap here to enter text.</i>