



NEPCon Evaluation of IKEA Industry Tikhvin LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) 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

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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +34 605 638 383
Current report completion date:	28/Aug/2020
Report authors:	Nikolai Tochilov
Name of the Company:	IKEA Industry Tikhvin LLC. Legal and production site address: 15, Shvedskiy proezd №15, Tikhvin, Leningrad Region, 187550, Russian Federation.
Company contact for SBP:	Maxim Klementiev, IKEA Industry Russia forest certification coordinator. Phone: +7 8123311020; Email: maxim.klementiev@inter.ikea.com
Certified Supply Base:	Leningrad, Vologda, Novgorod, Tver regions and the Republic of Karelia, Russia
SBP Certificate Code:	SBP-08-18
Date of certificate issue:	30/Aug/2020
Date of certificate expiry:	29/Aug/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Tikhvin, Leningrad 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

IKEA Industry Tikhvin is subsidiary company of IKEA, having the forest management units in Leningrad region of Russia in long-term concession, as well as the primary (sawmilling) and secondary (furniture and wood pellets) manufacturing facilities in Tikhvin, Leningrad region. The company was established in 2002. The scope of this certification covers the pellet plant in Tikhvin. Only sawdust is used in pellet production. Most share of sawdust has FSC Mix Credit claim and is delivered from company's own primary and secondary manufacturing facilities. Insignificant share of FSC-certified sawdust is sometimes obtained from external FSC-certified suppliers. Wood industry wastes (barks and wood chips) are used in company's boiler, which provides heat to pellet plant (belt dryer) as well as to the other wood processing facilities not related to biomass production.

Pellet plant was commissioned in 2012, with the annual production capacity of 55 000 tones.

5.2 Description of Company's Supply Base

IKEA Industry Tikhvin is an enterprise in the Leningrad region, a few hours' drive from St. Petersburg, producing wood furniture for IKEA. The main activity started in 2001. IKEA Industry Tikhvin is also engaged in forest management and logging operations.

The Supply Base

IKEA Industry Tikhvin purchases its roundwood in the following Russian Federal Subjects (regions):

- Leningrad;
- Vologda;
- Novgorod;
- Tver;
- Republic of Karelia.

These regions are all located in the European part of Russia. Practically all roundwood is sourced from boreal forests (the taiga). The Supply Base is the 'Forest Fund' in these four regions. 'Forest Fund lands' are one of the official, cadastrally recorded land-use categories in Russia, related to forestry and land-use legislation.

The most common tree species in the Supply base are Scots pine (*Pinus sylvestris*) and Norway spruce (*Picea abies*). This are also the only two tree species IKEA Industry Tikhvin procures and processes. Other frequent coniferous tree species in the region are: Siberian spruce (*Picea obovata*), Siberian larch (*Larix siberica*) and Siberian fir (*Abies siberica*). The most common deciduous tree species are birch (*Betula pendula* and *Betula pubescens*), aspen (*Populus tremula*) and grey alder (*Alnus incana*).

The Forest Fund of Russia is owned by the federal government. Legal entities can obtain the right to lease forest areas for a period of 10 to 49 years (with the possibility to prolong the lease agreement afterwards). Regarding wood harvesting in Russia, long-term lease contracts are the most common arrangement. The concessions are distributed by means of auctions. The leased areas are recorded in the cadastral register.

The Russian Forest Code obliges each concession holder to develop a forest plan for 10 years (based on the state forest inventory data) and to implement measures on forest conservation, protection and regeneration. Once a yearly quarter, concession holders are required to submit a report on harvested areas and volumes, and on the implementation of planned forest management measures.

Russian forestry sector, in general, has been plagued by many problems the last 30 years, including illegal harvesting and outdated irrational forestry laws and norms, but much has improved over the last 5 to 10 years. Particularly in the last years, several new, improved laws and norms came in force. The new laws give structural development to the system of forest harvesting and regeneration. For example, the Order of the Ministry of Natural Resources and Ecology of the Russian Federation of March 25, 2019 №188 'On approving the Rules of reforestation, the arrangement of the reforestation projects, and the procedure for developing a reforestation project and amending it' (amended on August 14, 2019).

Besides, an obligatory digital data processing system, the 'Uniform State Automated Information System' (EGAIS) was launched January 1, 2015. Every legal entity trading roundwood (and several timber related products) has to register its trade flows in this system. The imported data become publicly available online. The system is a useful tool in fighting illegal wood.

Over the last decades, FSC certification has proven to be an effective and important risk mitigation measure on sustainable forest management in Russia. Although in Russia it does take much effort to certify forest management to the standards of FSC, Russia has recently become the country with the most FSC certified forests in the world. Russia is also one of the few countries in the world where there still is a considerable growth in FSC certified forest area. These developments are of great importance to guarantee sustainability in Russia; the country with the most forests in the world.

As feedstock for wood pellet production, IKEA Industry Tikhvin uses wood residues only. Around 70% of the wood residues are SBP-compliant Secondary Feedstock (on basis FSC certification), around 30% is SBP-controlled Secondary Feedstock (on basis of FSC Controlled Wood).

IKEA Industry Tikhvin cooperates with around 50 roundwood suppliers. Around half of the roundwood (for furniture production) originates from the Leningrad region, a third from the Vologda region, and the remainder from the other regions in the Supply Base.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	41,1 mln. ha
Tenure by type (ha):	public 41,1 mln. ha
Forest by type (ha):	boreal 34,4 mln. ha / temperate 6,7 mln. ha
Forest by management type (ha):	managed natural 41,1 mln. ha
Certified forest by scheme (ha):	14,4 mln. ha FSC-certified forest

For more details please see the Supply Base Report available in BP's profile at SBP website <https://sbp-cert.org/accreditations-and-certifications/certificate-holders/>

5.4 Chain of Custody system

The BP holds valid FSC Chain of certificate <https://info.fsc.org/details.php?id=a0240000005sUjTAAU&type=certificate> and implements FSC credit system of claims. Organisation mostly sources roundwood with FSC 100% and FSC Mix claims. Some share of roundwood in the reporting period was sourced from non-certified suppliers and therefore it was included into Organisation's own verification program of controlled material suppliers according to FSC-STD-40-005. Since September, 2020, this verification program will be closed, and only FSC 100% and FSC Mix roundwood will be accepted by Organisation. After delivery, roundwood is measured and sorted, and supplied to primary manufacturing (sawmilling). Sawmilling wastes (sawdust) are used in pellet production, whereas wood chips and barks are delivered to Organisation's boiler which produces the heat used by pellet plant as well as by other production facilities of Organisation. Sawn wood is partly sold, but the main part is processed at Organisation's furniture components plant, and furthermore at the furniture plant. Wood residues from the furniture components plant and furniture plant are also delivered to Organisation's pellet plant. Conversion factor for pellet production is established and revised annually, based on actual production data. Non-certified and non-controlled wood is not accepted by Organisation.

6 Evaluation process

6.1 Timing of evaluation activities

Audit was conducted on June 19 and June 26, 2020 (total 8 hours). Audit activities included documents review (desk based and at BP's office), inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Desk-based, skype	19/06/2020 11.00-11.15
SBP-related documents review (SBP Procedure, SBR, CoC control system and critical points); interview with SBP responsible	Desk-based, skype	19/06/2020 11.15-14.00
Documents and procedures review (SAR and energy use primary data, compliance with legal requirements, H&S), staff interviews	Tikhvin, Leningrad region	26/06/2020 10.00-13.30
Onsite inspection for the pellet plant, staff interviews and relevant documents review	Tikhvin, Leningrad region	26/06/2020 13.30-14.45
Closing meeting	Tikhvin, Leningrad region	26/06/2020 14.45-15.00

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:

Due to Covid-19 limitations, onsite assessment could not be conducted on June 19, 2020 and was postponed to June 26, 2020. Desk-based part assessment started on June 19, 2020 with the opening meeting in Skype with SBP responsible and external consultant.

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 was interviewed. At the end of desk-based assessment it was agreed with Organisation, that onsite part of the assessment will be held on June 26, 2020.

On June 26, 2020, auditor arrived to Tikhvin and continued the assessment. Audit activities included roundtrip at the pellet plant, staff interviews, but mostly it was focused on verification of energy use data included in SAR. External consultant supported Organisation remotely (Skype).

Finally, at the end of the assessment, findings were summarised and conclusions based on use of 3 angle evaluation method were provided to SBP responsible person, during the closing meeting in Tikhvin.

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6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on March 31, 2020 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: Robust recordkeeping system. Good awareness of certification requirements by involved staff.

Weaknesses: no weaknesses identified during this 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; biofuel for drying the feedstock (in boiler); diesel for feedstock handling; diesel for biomass handling and shipping. Energy use data is based on combination of actual consumption values and engineering calculations, it was reviewed and accepted by auditor. No non-conformities identified in this relation.

7.4 Competency of involved personnel

Since SBP certification is something new for Organisation, it was decided by management that Maxim Klementiev (IKEA Industry Russia forest certification coordinator) is assigned as a key person responsible for implementation of all relevant SBP requirements. He will be controlling and monitoring performance of the other staff members involved in SBP certification during the first next months as a transition period. As soon as all management procedures are fully implemented under his control, relevant responsibilities will be shared to the other staff members (pellet plant chief, power engineer, accountant and sales manager). Staff training will be provided to the staff involved to SBP certification then. Prior to, and during this assessment, Organisation was supported by external consultant Rens Hartkamp (Biomass Consult).

7.5 Stakeholder feedback

No feedback 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

No NCRs identified 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:	28/Aug/2020
Other comments:	<i>Click or tap here to enter text.</i>