



NEPCon Evaluation of Energoresurs OOO 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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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	Collection and Communication of Data
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 decision

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@preferredbynature.org, +34 605 638 383
Current report completion date:	30/Oct/2020
Report authors:	Roman Kurakin
Name of the Company:	Energoresurs OOO
Company contact for SBP:	Olga Golubkina, Declarant, energoresurs-podporogje@mail.ru, +7(81365)31064
Certified Supply Base:	Sourcing from Russia: Leningrad, Vologda region, Kareliya republic.
SBP Certificate Code:	SBP-07-29
Date of certificate issue:	03/Oct/2019
Date of certificate expiry:	02/Oct/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in Podporozhe, Leningrad region.

Scope description: Production of wood pellets, for use in energy production, at Energoresurs and transportation to Saint Petersburg harbour (Russia). The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

The end points:

FCA Morskoy Port St. Petersburg, 2-nd cargo terminal;

FCA Rybniy Port St. Petersburg;

FCA Kirovskiy Zavod St. Petersburg;

FCA Zavod Severnaya Verf St. Petersburg;

FCA Port KCTL, St. Petersburg;

FCA Port Ust-Luga.

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;
- Review ID5E

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

BP is a pellet producer situated in Leningrad region, Russia. Only secondary feedstock with FSC Mix Credit and FSC Controlled Wood are sourced. FSC credit system of claims is used for pellet production (all pellets have FSC Mix claim or FSC Controlled Wood). The final product is transported by truck to S.Petersburg sea port.

Total annual production capacity of pellet plant is 24 000 tones. Pellet production has been commissioned in March 2014.

5.2 Description of Company's Supply Base

The Supply Base of OOO "Energoresurs" is the area of the forest fund of the Republic of Karelia, the Leningrad and Vologda regions. OOO "Energoresurs" purchases sawmill residues (sawdust) from two FSC certified suppliers Metsya-Svir LLC and LDK #2 LLC. OOO "Energoresurs" has a FSC certificate (NC-COC-031935). BP plans to use certified feedstock for drying (see NCR 01/20).

The Producer of SBP-certified biomass is located in the east of the Leningrad Region in the middle taiga zone, in the town of Podporozhye. Production of pellets is the main activity of the enterprise. OOO "Energoresurs" uses only SBP-compliant and SBP-controlled secondary feedstock.

The Supply Base is located in the North-West Federal District of the Russian Federation, in one of the most forested regions of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of standing timber. Softwood species constitute 78%, hardwood - 22%.

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 project for 10 years (based on taxation and forest management), implement measures for the conservation, protection and reproduction of forests, and each year submit a forest declaration containing a report on the implemented measures and logging volumes.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for forest use. All reforestation work on leased forest areas is planned and carried out by forest users at their own expense in accordance with forest managements projects.

Republic of Karelia, Leningrad and Vologda regions are among the leading forest regions of Russia. The share of mature and overmature forest stands is about 3/4 of the timber stock. In protective forests located along lakes, swamps and other environmentally sensitive objects, a more strict control regime is applied. Within the Supply Base, the calculated cutting area is not fully developed. Underdeveloped infrastructure does not allow full use of available timber stocks.

Within the Supply Base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises observe a moratorium on timber harvesting in these forest areas. On the territory of the Supply Base there are intact forests and wetlands of international importance. Therefore, in order to minimize the risk of conflict wood entrance in the supply chain, OOO «Energoresurs» uses wood only from FSC certified sources in the pellets production.

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. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration.

When harvesting wood, according to the forest legislation, species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. OOO «Energoresurs» processes only European spruce (*Picea abies*) and Scotch pine (*Pinus sylvestris*). The tree species listed in CITES and IUCN are not procured.

The forest complex of the Russian Federation, which includes forestry and timber industries for the harvesting and processing of wood, occupies an important place in the country's economy. The development of the social sphere (health, education, culture) largely depends on the success of forestry. In many cases, the presence of a woodworking enterprise is critical for the existence of settlements.

OOO «Energoresurs» has an important local socio-economic importance for the town of Podporozhye and the Leningrad Region. The company is a bona fide taxpayer, provides jobs to the local population, supports the local football team. The company is a residue processor for forest industry, which is also of great environmental importance for the region.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	31,7 million ha
Tenure by type (ha):	100%, state
Forest by type (ha):	31,7 million ha, boreal
Forest by management type (ha):	31,7 million ha, natural, managed according to lease Agreements.
Certified forest by scheme (ha):	11 475 700 million ha, FSC certified

5.4 Chain of Custody system

The BP is holding valid FSC Chain of Custody and FSC Controlled wood certificate

<https://info.fsc.org/details.php?id=a02f300000gJ7vUAAS&type=certificate>

NC-COC-031935

NC-CW-031935

BP is implementing FSC credit system. FSC Credit system is used for materials received as FSC certified and as FSC Controlled wood.

After the reception, incoming secondary feedstock (sawdust) is registered in BP's database and submitted to pellet production and also used for drying.

Relevant credit accounts are maintained for all FSC product groups (pellets). Conversion factors are established and regularly revised based on actual production data. Pellets are produced of the secondary feedstock (sawdust).

In case of the FSC and/ or SBP sales the volume of sold pellets is withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite main assessment was conducted on 09.07.2020 and 03.08.2020 (16 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	09/07/2020 07.00-07.15
Documents and procedures review, staff interview.	Office	09/07/2020 07.15-12.00
Break		09/07/2020 12.00-13.00
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	09/07/2020 13.00-14:00
Documents and procedures review; staff interview.	Office	09/07/2020 14.00-17.00
Closing meeting of the first day of the evaluation *	Office	09/07/2020 16.30-17.00
End of the first day of the evaluation	Office	09/07/2020 17.00
Repeated detailed verification of documents	Desk	03/08/2020 10.00-16.00
Closing meeting	Desk	03/08/2020 16.00-16.30

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Roman Kurakin	NEPCon FSC CoC auditor. He passed SBP lead auditor training course in Dec. 2016 in Amsterdam and participated in several SBP assessment in Russia. Role at the audit: lead auditor

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 GHG data availability.

Description of the annual 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 audit. Audit started with an opening meeting attended by the SBP responsible person.

Auditor 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 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 biomass. During the process overall responsible person for SBP system and other staff were interviewed. The auditor also checked DTS.

6.3 Process for consultation with stakeholders

n/a

7 Results

7.1 Main strengths and weaknesses

Strength: The organization is FSC certified. All raw materials for the production of pellets (sawdust) at the time of the audit come as FSC Mix Credit.

Weaknesses: see NCR.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

During the audit the BP has already implemented all the requirements for collection of energy data. See additional information about energy data in the SAR and body of the report.

7.4 Competency of involved personnel

The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and FSC CoC system. See additional details in the body of the report.

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

n/a

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

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.

NC number 01/20	NC Grading: Major
Standard & Requirement:	Standard #2
Description of Non-conformance and Related Evidence:	
<p>At the time of the audit the Organization used non-certified material (chips) as a fuel for its drying machine. Due to the fact that the Organization planned to switch to certified sawdust, and purchased the necessary equipment, but was unable to install and run it due to COVID-19, the NCR is graded as Major with the deadline of 3 month.</p> <p>На момент аудита Организация использовала в качестве топлива для сушильной установки несертифицированное сырье (щепу). В связи с тем что Организация планировала перейти на использование сертифицированных опилок, закупила необходимое оборудование, но не имела возможности смонтировать и запустить его из-за COVID-19, несоответствие классифицировано как значительное со сроком устранения 3 месяца.</p>	
Timeline for Conformance:	3 months from the report finalisation By 29.01.2021
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

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:	30/Oct/2020
Other comments:	<i>Click or tap here to enter text.</i>