



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

Third 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, +34 605 638 383
Current report completion date:	01/Dec/2020
Report authors:	Nikolai Tochilov
Name of the Company:	GRANTOP-EXPORT LLC. Legal address: office 515a, 52 Maltseva street, Vologda 160009 Russia. Production site address: Urochische Altay, 2, 162107, Kadnikov, Vologda region, Russia.
Company contact for SBP:	Alexey Zenkov, commercial director. Email: grantop35@yandex.ru; mobile: +79218240008
Certified Supply Base:	Russia
SBP Certificate Code:	SBP-01-87
Date of certificate issue:	02/Nov/2017
Date of certificate expiry:	01/Nov/2022

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Kadnikov, 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. 1.1.

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 with FSC 100% and FSC Mix Credit claims is sourced for pellet production (as well as for the use in dryer). FSC transfer system of claims is used for pellet production (all pellets have FSC Mix Credit claim). The final product is transported by truck to S.Petersburg sea port on FCA conditions of Incoterms, but potentially may be supplied to any other point all over the world, by any mean of transport on any Incoterms delivery conditions.

Total annual production capacity of pellet plant is 45000 tones.

5.2 Description of Company's Supply Base

GRANTOP-EXPORT buys feedstock from four suppliers, who hold FSC certificates. The suppliers in their turn buy the roundwood for sawmilling from Republic of Komi, Arkhangelsk, Vologda, Kirov, Yaroslavl regions and other regions of Russia, so the description of the supply base is given nationwide.

The total area of forest lands in Russia is 764 mln. ha, accounting for about 21% of the world standing timber. Coniferous species makes up 68,4%, hard-wooded broadleaved species – 2,4%, soft-wooded broadleaved species – 19,3%. Other tree species makes up less than 1%.

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.

The forest complex of the Russian Federation including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy. About 60 000 of large-scale, medium-sized and small enterprises in all regions of the country are involved in Russian forest complex. The total number of employees in the forest complex of Russia is about 1mln. people.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (ForestStewardshipCouncil) 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 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.

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.

Intact forests and wetlands of international importance are located at the territory of Russia. Small-numbered indigenous nations live here. 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 four suppliers 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 Mix Credit claim from two suppliers, and feedstock with FSC 100% claim – from two suppliers. 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”.

Less than 1% of harvested wood is processed into a biofuel in Vologda Region results from reports for the calendar year 2019.

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.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	764 mln. ha
Tenure by type (ha):	public 764 mln. ha
Forest by type (ha):	boreal 764 mln. ha
Forest by management type (ha):	managed natural 764 mln. ha
Certified forest by scheme (ha):	54,27 mln. ha FSC-certified forest

For more details please see the Supply Base Report available in Internet at BP's homepage: <http://bio-teplo.com/en/certificates/> .

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% and FSC Mix Credit claims as a material for pellet production. Some amount of non-certified feedstock is also purchased during the year. In such case BP ensures physical segregation of the feedstock (it is stored in a different pile), its processing at pellet plant as a separate batch, and separate sales of non-certified biomass (it is sold at a local market).

6 Evaluation process

6.1 Timing of evaluation activities

Audit was conducted on September 16-18, 2020 (total app.11 hours). Audit activities included documents review, inspection of production facilities and staff interviews..

Activity	Location	Date/time
Opening meeting	Vologda, BP's office	16/09/2020 09.00-09.15
SBP-related documents review (SBP Procedure, SBR); interview with SBP and FSC CoC responsible	Vologda, BP's office	16/09/2020 09.15-12.00
Break		16/09/2020 12.00-12.30
Evaluation of critical control points in FSC CoC system (including conversion factor)	Vologda, BP's office	16/09/2020 12.30-13.00
Information in Radix – staff interview and documents review	Vologda, BP's office	16/09/2020 13.00-14.00
SBP-related documents review (SAR, primary calculations of GHG data); interview with SBP responsible	Vologda, BP's office	16/09/2020 14.00-17.00
Inspection of the production facilities (chain of custody review), documents review and staff interview onsite	Kadnikov, pellet plant	17/09/2020 10.00-11.00
SBP-related documents review (SAR, primary calculations of GHG data); interview with SBP responsible	Volgda, BP's office	18/09/2020 09.00-12.00
Closing meeting	Vologda, BP's office	18/09/2020 12.00-12.30

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 50 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:

Annual audit started the opening meeting with the staff responsible for FSC CoC and SBP certification.

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 accreditation 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 and SBP-controlled biomass. During the process, overall responsible person for SBP system and other staff members were interviewed. Furthermore, the audit activities included roundtrip at the pellet plant and staff interviews, mostly focusing on verification of energy use data included in SAR.

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

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: <https://preferredbynature.org/impartiality-policy>

6.3 Process for consultation with stakeholders

No stakeholders consultations conduction prior to, during or after this audit.

7 Results

7.1 Main strengths and weaknesses

Strengths: Robust recordkeeping system. Secondary feedstock is delivered with FSC 100% or FSC Mix Credit claims Actual information on electricity and diesel consumption onsite.

Weaknesses: see minor NCR 01/20 in Section 10 below.

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 handling and shipping ; diesel for biomass transportation to customer. Relevant energy use results included in SAR are based on actual measurements.

7.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities. There are few staff members involved in SBP certification: SBP responsible (development and updating of SBP Procedure and related documentation; management and monitoring; review of complaints related to SBP certification), production manager (pellet production, collection of energy use data); accountant (invoices) and manager (DTS).

7.5 Stakeholder feedback

No feedback received from stakeholders prior, during or after this audit.

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

NC number 01/20	NC Grading: Minor
Standard & Requirement:	SBP Instruction Document 5E, p.4.1.7 The Production Batch ID shall be in the form: SBP--XX--YY--ZZ--AA Where: SBP--XX--YY--ZZ is the Static Data Identifier AA is the Dynamic Batch Sustainability Data Identifier
Description of Non-conformance and Related Evidence:	
<p>BP includes information about SBP PBID and SBP claim in their invoices and transport documents. Relevant information is correctly specified in invoices. However, random review of transport documents showed that PBID there was incorrectly named as SBP certificate code.</p> <p>Организация указывает PBID и заявление SBP в инвойсах и транспортных документах. Эта информация корректно включена в инвойсы. Выборочная проверка транспортной документации показала, что PBID в ней называется кодом сертификата SBP.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	- Updated template of the transport document / Обновленная форма транспортного документа
Findings for Evaluation of Evidence:	<p>Prior to audit completion, BP submitted to auditor the updated template of the transport document, where PBID is correctly specified. According to explanations of BP management, the root cause was a human error.</p> <p>До окончания аудита Организация предоставила аудитору обновленную форму транспортного документа, с корректным указанием PBID.</p>
NC Status:	Closed / Закрыто

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):	Ojesja Puišo
Date of decision:	01/Dec/2020
Other comments:	<i>Click or tap here to enter text.</i>