Forest Certification LLC Evaluation of Mir Granul LTD 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

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Table of Contents

1 Overview

CB Name and contact:	Forest Certification LLC, 121096, Russia, Moscow, Vasilisy Kozhinoy, bld. 1, office 17
Primary contact for SBP:	Director of certification programs Savulidi Alexey. Phone/fax +7 (812) 384-69-88. Mobile phone +7 (911) 921-74-65. E-mail: Alexey.Savulidi@fcert.ru
Current report completion date:	22/Dec/2020
Report authors:	Stashkevich Nikolai
Name of the Company:	Mir granul LTD (187555, Russia, Leningrad region, Tikhvin, Shvedskiy proezd, 14 B)
Company contact for SBP:	Shabalin Oleg, executive director, e-mail: oleg.shabalin.mg@gmail.com, tel: +79213134184
Certified Supply Base:	Russian Federation (all regions)
SBP Certificate Code:	SBP-09-03
Date of certificate issue:	25/Dec/2020
Date of certificate expiry:	24/Dec/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The scope of evaluation and the certificate scope covers the office and production site located in the city Tikhvin in the Leningrad region of Russia.

Scope description: Production of wood pellets in Tikhvin, Leningrad region, Russia, for use in energy production. Post production end points – factory gate, seaports of Saint-Peterburg (KCTL Severnaya Verf and Kirovsky Zavod) and Ust-Luga. The certificate scope includes communication of Dynamic Batch Sustainability Data. The certificate scope does not include Supply Base Evaluation.

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: Collection and Communication of Energy and Carbon Data (Version 1.1 November 2019)

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

Mir granul ltd is a secondary manufacturer located in the city Tikhvin in the Leningrad region of Russia. The company was registered in 2004.

For pellet production, the company uses sawmill and logging residues (sawdust, wood chips) supplied by FSC certified suppliers. Suppliers, in turn, purchase raw materials (both certified and controlled) from various regions of Russia.

Company has valid FSC-certificates: FC-COC-643276 and FC-CW-643276 since 2015.

The incoming raw materials for the production of pellets are sawdust and woodchips from FSC certified suppliers. Supply of feedstock FSC 100%, FSC Mix xx% and FSC Controlled Wood is allowed. The company uses a credit control system (it is allowed to mix raw materials of different categories, a credit account is maintained).

Non-certified feedstock is also used for the production of pellets, while providing a clear separation (by accounting systems: Excel and accounting software 1C, as well as physical and temporary sepration) in production. Finished certified and non-certified pellets (in big bags) are also stored in different areas. Outputs are marketed with FSC Mix Credit and FSC Controlled Wood claims.

Accounting for the volume of raw materials, products, energy consumption, fuel is carried out within the Excel-files.

The sold products are transported by trucks in big bags to the ports of Saint-Peterburg (KCTL Severnaya Verf and Kirovsky Zavod) and Ust-Luga.

5.2 Description of Company's Supply Base

For pellet production, the company uses sawmill and logging residues (sawdust, wood chips) supplied by FSC certified suppliers. Suppliers, in turn, purchase raw materials (both certified and controlled) from various regions of Russia, so the description of the resource base is given in Russia as a whole.

The total area of forest land on the territory of the Russian Federation is 764 million hectares, accounting for about 21% of world reserves of standing timber. Forests are mainly boreal and they cover 46.6% of the area of the Russian Federation. The main wood species are pine, spruce, birch, aspen. Areas occupied by the main wood species remain rather stable within last decades. Hardwood (deciduous) species comprise 68.4%, softwood (coniferous) – 21,7% (2,4% - heard-leaved and 19,3% - hardwood broadleaved). Other wood species comprise less than 1% of forests. The cutting area in the RF comprises about 660 mln.m3, incl. softwood (coniferous) – 370 mln.m3. The area of FSC-certified forests in the Russian Federation is more than 53.46 million hectares.

Secondary feedstock (wood chips, sawdust) are classified as SBP-compliant feedstock (from FSC certified suppliers) and SBP-controlled feedstock (from FSC controlled suppliers). The species composition of secondary feedstock is as follows:

- for wood chips, a mixture of species: spruce (Picea abies), pine (Pinus sylvestris), birch (Betula pubescens, Betula pendula), aspen (Populus tremula);
- for sawdust, a mixture of species: spruce (Picea abies), pine (Pinus sylvestris).

Within the resource base, forest management practices are based on achieving 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. As a method of harvesting wood, mainly solid logging is used. The maximum area of continuous logging is limited to 50 ha. Both artificial and natural reforestation technologies are used. In protective forests along lakes, swamps, and other environmentally sensitive sites, a more limited management regime is applied. Wood species listed in the red book and the CITES list are not supplied by the company.
In accordance with the legislation of the Russian Federation, all forest lands are state-owned. Legal entities receive forest plots for use for a period of 10 to 49 years (with the possibility of extension). Lease relations are the dominant legal form of forest use.
Forest areas for a lease are subject to state expertise and cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a lease forest land obliges:
- to carry out the activities on protection and reproduction of forests;
- to submit annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.
Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. All reforestation works on forest plots leased are planned and carried out by forest users at their own expense in accordance with forest development projects.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 764 mln (Cumulative area of forests of Russia)
Tenure by type (ha): state owned 764 mln
Forest by type (ha): 764 mln (86% boreal)
Forest by management type (ha): managed natural 764 mln
Certified forest by scheme (ha): 53,46 mln of FSC certified forest

Detailed information about BP's supply base may be found in their SBR available on the official VK page: https://vk.com/mirgranul

5.4 Chain of Custody system

The Organization implements the FSC credit system with biomass (wood pellets) production in the scope of the FSC certificate (FC-COC-643276, FC-CW-643276).
(https://info.fsc.org/details.php?id=a023300000YKSrJAAX&type=certificate).
The process covers biomass production. See more explanations in 5.1 above.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite main assessment was conducted on 27.11.2020 (8 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Date	*Activities*	*Location*
27.11.2020	• Opening meeting. • Interviews with management and leading specialists of the enterprise. • Analysis of the resource base report. • Analysis of the internal documentation of the enterprise developed as part of the SBP certification. • Visit to the production site of the enterprise, places of acceptance, storage, processing of incoming raw materials and manufactured products. • Validation of an SBP enterprise supply chain system. • Interviews with employees. • Work with enterprise documentation. Fill out a checklist for applicable SBP certification standards. • Validation of the collection of SBP data on GHG, energy, carbon and stability characteristics. • Preparation of preliminary audit findings. • Closing meeting. Summing up the preliminary results of the audit.	Office, production site

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), role	Qualifications
Stashkevich Nikolai, audit team leader	Forest Certification SBP lead auditor. He has successfully passed SBP auditor training in Berlin on 3-4 September 2019. Auditor had more than 100 audit-days in each of last years (2016-2019) on FSC and PEFC as a lead auditor or as an auditor (without desk-audits). SBP accreditation audit has been successfully completed.

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:

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 prior to the assessment and lead auditor had enough time to review it and get well prepared for onsite visit. Assessment started with an opening meeting attended by the representatives from Organisation's management and staff.
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 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 were interviewed.
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.
At the end of the assessment findings were summarised and assessment were provided to the management and SBP responsible person.

Impartiality commitment: Please see Forest certification LLC impartiality commitment on the web-site https://en.fcert.ru/about/conflict_of_interests/

6.3 Process for consultation with stakeholders

17/10/2020 the information letter (e-mail) was sent to the stakeholders. More than 15 stakeholders was informed about the assessment. No feedback has been received from them. List of informed stakeholders includes such groups of stakeholders as FSC Russia, FSC-certified companies in the region, scientific and educational entities, state forestry authorities, etc

7 Results

7.1 Main strengths and weaknesses

Strength: Effective work within one certification cycle in FSC certification. The credit system allows to mix raw materials with different FSC claims. Reducing risks due to refusal to purchase controlled materials from non-certified suppliers (excluding of FSC-STD-40-005 assessment). Effective recordkeeping system.

Weaknesses: insufficient training efficiency of some employees (C-01, C-02), not all data in SAR is supported by documentary evidence (C-03), the difference of data in different sources (C-04) and the absence of some required information (C-05).

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, handling and pellet transportation to the seaports; biomass fuel (woodchips and sawdust) for burner (for drying).
The data on electricity was taken from the summary Excel-file, from the tabs "electricity 2019" and "electricity 2020" (data for each month are taken into account). The data for the selected months is confirmed against the submitted invoices from the electricity supplier.
Diesel consumption is recorded in the Excel-file: records are kept by day, by each type of transport, by counters. Further, the data is summarized into an another (summary) Excel-file (data are summarized by months) and transferred to the SAR.
The volumes of burned sawdust and wood chips are also recorded in the Excel-file.
The type of vehicles used for the supply of pellets is recorded in the transport documents and internal Excel accounting (each delivery is on a separate line). Indicated: buyer, carrier, driver, number and brand of the car, weight. End points are also indicated. Distances to endpoints were demonstrated using google maps

7.4 Competency of involved personnel

The following key staff members are involved to SBP certification:
- SBP responsible (executive director). He is responsible for conclusion of contracts with suppliers of raw materials, collection of information from suppliers on the origin of raw materials, training of personnel, compilation of SBR, SAR and collection of initial data for the calculation of GHG, handling complaints related to the SBP certification, input of information into DTS, storage of SBP certification documentation.
- deputy general director for production (ensuring compliance with labor protection requirements, checking the compliance of suppliers of raw materials with the requirements of SBP standards, accounting and control of incoming raw materials, organization and control of the production process for the production of pellets, control of production indicators, accounting of finished products).
- deputy general director for transport and logistics (ensuring the operation of transport and optimal logistics of transportation).

- chief accountant and deputy chief accountant (execution of financial and transport documentation for pellets with SBP claims, as well as keeping records of raw materials and products).
The Procedure provides for annual training as part of the certification requirements. In the course of responsible employees interview:- familiarization of employees with their main responsibilities within the SBP was confirmed - no documentary evidence of the training was provided;- Insufficient informing of individual employees on the following points was determined: the executive director - in terms of changing the SDI for reporting periods (clause 3.2.5 of Instruction 5E) and the correlation of the concepts of Transaction Batch and Production Batch (clause 4.1.4-4.1.5 of Instruction 5E), deputy general director for production - in relation to checking the compliance of suppliers with the SBP requirements (the obligation enshrined in clause 4.1 of the Procedure), deputy chief accountant - in matters of paperwork for the implementation of SBP-certified pellets with SBP. See C-01.

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.*

NC number 01	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock, V.1.0, March 2015; p. 15.7 Relevant personnel shall be informed promptly of any changes to management systems.
Description of Non-conformance and Related Evidence:	
Responsible personnel involved in the implementation of SBP requirements are defined in section 4.1 of the approved SBP Certification PROCEDURE. Among those mentioned in the Procedure: executive director (responsible for certification), deputy general director for production, deputy general director for transport and logistics, chief accountant and deputy chief accountant. The Procedure provides for annual training as part of the certification requirements.In the course of responsible employees interview:- familiarization of employees with their main responsibilities within the SBP was confirmed - no documentary evidence of the training was provided;- Insufficient informing of individual employees on the following points was determined: the executive director - in terms of changing the SDI for reporting periods (clause 3.2.5 of Instruction 5E) and the correlation of the concepts of Transaction Batch and Production Batch (clause 4.1.4-4.1.5 of Instruction 5E) , deputy general director for production - in relation to checking the compliance of suppliers with the SBP requirements (the obligation enshrined in clause 4.1 of the Procedure), deputy chief accountant - in matters of paperwork for the implementation of SBP-certified pellets with SBP. Due to a temporary omission, a decision was made to assess the identified condition as minor.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 02	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 4: Chain of Custody, V.1.0, March 2015; p. 5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
The applicant for the certificate is certified in the FSC chain of custody (valid certificate FC-COC-643276 / FC-CW-643276). During the verification of the implementation of the requirements of the SBP-approved supply chain system for SBP raw materials and biomass, their compliance was confirmed with the exception of single omissions:- when checking the List of suppliers of certified raw materials, it was established that one of the suppliers indicated the code of the forest management certificate (NC-FM / COC-006858), according to which the supply of sawdust was not possible, one of the suppliers from the list indicated the code of the certificate of another organization (DNV-COC-000605), one of the existing suppliers (SA-COC-006826) was not taken into account (FSC-STD-40-004 V3-0, clause 2.1).- during a random check of documents for incoming certified materials, it was confirmed that they took into account the necessary information, while one of the sets of documents for purchased chips in the Invoice (No. 323 dated 09/27/2020) indicates the FSC MIX 100% claim, while in the corresponding bill of lading indicates the FSC 100% claim (FSC-STD-40-004 V3-0, clause 2.3).Taking into account the fact that the revealed inconsistencies indicate a partial non-compliance with the paragraph of the standard, it was decided to evaluate them as minor condition.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 03	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 5: Collection and Communication of Data, V.1.0, March 2015; p. 5.1 All data submissions must be supported by appropriate evidence.
Description of Non-conformance and Related Evidence:	
Data presentation is carried out by Mir Granul LTD in the form of SAR, which is provided for loading into DTS in accordance with section 13.4 of the approved SBP Certification PROCEDURE . In addition to SAR, the data are recorded by the applicant for the certificate in the form of completed excel files. During the audit, the representative person (executive director) provided clarification and evidence of the correctness of the data reported in the SAR, except for the following:- no documentary evidence of moisture data was provided: according to the Procedure, daily moisture content of raw materials before	

drying, after drying and finished pellets is provided; clarifications were received that in fact the moisture content of raw materials before drying was taken according to the publicly available Handbook (the calculation was not demonstrated), the moisture content of raw materials after drying and finished pellets was taken from single measurements (their documentary accounting was not demonstrated); - no evidence of pellet production capacity (2.5-3.5 tons / hour) was provided;- according to the audit evidence, during drying, the consumption of certified biofuel (chips and sawdust) was taken into account in section 2.1 SAR, but not taken into account in section 3.5 SAR;- the consumption of diesel fuel specified in section 4.1 of SAR for the transportation of pellets by road has not been confirmed;- the employee responsible for certification has confirmed the accounting of data on raw material consumption (section 2.1 SAR) and product output (section 3.1 SAR) on the basis of accounting, while according to his comments, data on actual consumption and output (excel accounting at the production site) may differ (the difference is not shown or explained in the context of additional information - see section 2.3 / Appendix 2. Production process). The revealed inconsistencies are a temporary omission, and therefore it is customary to assess them as minor condition.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 04	**NC Grading:** Minor
Standard & Requirement:	SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data, V1.1, November 2019; p. 6.5.3 The BP shall justify the data and methodology used for reporting energy and carbon data and this shall be recorded in the SAR and verified by the CB.
Description of Non-conformance and Related Evidence:	
Data from which calculations of energy and carbon costs can be made are presented in SAR. During the audit, the responsible employee (executive director) justified the values specified in the SAR. According to the comments received, the accounting of raw material consumption (SAR section 2.1) and product output (SAR section 3.1) in SAR is presented on the basis of accounting, while data on actual consumption and output (excel accounting at the production site) may differ (the difference is not recorded and not explained in the additional information - see section 2.3 / Appendix 2. Production process). The revealed discrepancy is a temporary omission, and therefore it was decided to evaluate it as a minor condition.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 05	**NC Grading:** Minor
Standard & Requirement:	SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data, V1.1, November 2019; p. 6.9.6 Different types of fuels may be used for drying. Either fossil fuels, such as: - natural gas; - industrial gas; - diesel oil; - propane; or - waste heat fossil boiler. Or biomass fuels, such as: - wood pellets – imported or diverted from the biomass product; - wood residues – imported or diverted from feedstock groups; - bark – diverted from debarked round wood in feedstock groups, or imported; - other biomass residues; or - other (specify). For every type of fuel used, specify fuel consumption in MJ / metric tonne and in one of these units: - litres / metric tonne biomass; - kg / metric tonne biomass; or - Nm³ / metric tonne biomass.
Description of Non-conformance and Related Evidence:	
According to the SAR and the comments of the responsible person, woodchips and sawdust are used for drying (incineration) (taken into account in section 3.5 SAR). During the verification of SAR and related accounting materials (maintained in excel), the accounting of data on the volumes of pellets produced and the volumes of sawdust and woodchips burned was confirmed. The data required by the paragraph of the instruction (consumption of woodchips and sawdust for combustion in MJ / ton and in m3 / ton) in the submitted materials (neither in SAR, nor in excel) are not taken into account, however, the data indicated in the received documents allow us to calculate biofuel consumption in MJ / ton of biomass and in m3 / ton of biomass. The revealed nonconformity is a temporary omission, and therefore the decision was made to evaluate it as a minor condition.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
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):	Artem Kornilov
Date of decision:	24/Dec/2020
Other comments:	-