



Forest Certification LLC Evaluation of Novik 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*

Document history

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1 Overview

CB Name and contact: Forest Certification LLC, 121096, Russia, Moscow, Vasilisy Kozhinoy, bld. 1, office 17

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Current report completion date: 11/Dec/2020

Report authors: Stashkevich Nikolai

Name of the Company: Novik LLC, 238158, Russia, Chernyakhovsk, street Station Novy, building 7

Company contact for SBP: Quality Manager Bondin Alexey. Tel .: + 7-909-77-55-857. E-mail: alexey.bondin@novikgroup.ru

Certified Supply Base: Not applicable for trader

SBP Certificate Code: SBP-09-05

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

Scope description: Trading of wood pellets for use in energy production, including transport from biomass producers in Russia to different end points in EU countries and Great Britain. Trading of wood pellets with physical possession on different Incoterms conditions (ExWorks, FCA, FOB, CFR, CPT, CIF, DAT, DAP).

The certificate scope does not include Supply Base Evaluation.

The scope of the evaluation and the certificate scope covers the office in Kaliningrad, Pravaya naberezhnaya street, 5 and storage site in Kaliningrad, 4th Bol'shaya okruzhnaya street, 102, the Kaliningrad region, Russia.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader'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 Biomass Trader's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations.

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

Novik LLC is a company registered in 2011 in Russia, one of the activities of which is trade in biomass (pellets). The main operations are carried out in the direction of the export of biomass from Russia to the EU countries and the UK. At the same time, Novik LLC acts as an exporter of biomass to the territory of the European Union. Novik LLC makes purchases from suppliers on the terms ExWorks, FCA, DAT, DAP (incoterms 2010), separate or mixed warehousing in the warehouse and without storage in the warehouse, sale to the buyer on the terms of ExWorks, FCA, FOB, CFR, CPT, CIF, DAT, DAP (incoterms 2010). Depending on the terms of delivery, the necessary transport and logistics operations are outsourced to the appropriate contractors. Such operations include:

- Transportation on the territory of the Russian Federation by road and railway transport;
- Unloading operations;
- Storage in a covered warehouse (in big bags);
- Transportation to the port;
- Accumulation of a ship's lot in the port;
- Loading into the hold;
- Sea transportation.

The single contractor Novik Terminal LLC provides the storage of Novik LLC pellets (outsourcing).

5.2 Description of Company's Supply Base

Not applicable for trader.

5.3 Detailed description of Supply Base

Not applicable for trader.

5.4 Chain of Custody system

The Organization implements the FSC transfer system with biomass (wood pellets) trading in the scope of the certificate <https://info.fsc.org/details.php?id=a024y00000m3i12AAA&type=certificate>. The process covers biomass trade with physical possession. See more explanations in 5.1 above.

Novik LLC has a valid FSC COC certificate (FC-COC-001617) so FSC scheme was chosen as a basis.

In the approved SBP-Procedure, Novik LLC determined the possibility of purchasing «SBP-compliant biomass» with the next claims “FSC 100%”, “FSC Mix Credit”, “FSC Recycled Credit”, “100% PEFC Certified”. SBP-Procedure stipulated that Biomass without FSC or PEFC claim is stocked separately and cannot be sold with any SBP claim. It is also decorated, Novik LLC is not certified in relation to the PEFC certification system. When buying biomass with a PEFC and SBP claim, the PEFC claim is lost and the SBP claim is included in

the SBP claim accounting system. When mixing PEFC biomass with FSC biomass, all FSC and PEFC certification claims are lost and the biomass is only counted as SBP certified.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on 19.11.2020 (8 h). Assessment activities included documents review at office, inspection of storage site and staff interviews.

<i>Date</i>	<i>Activities</i>	<i>Location</i>
19.11.2020	<ul style="list-style-type: none">• Opening meeting.• Interviews with management and leading specialists of the enterprise.• Analysis of the internal documentation of the enterprise developed as part of the SBP certification.• Visit to the storage site.• 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, storage 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, inputs and outputs classification and registration, analysis of the existing FSC system and FSC system control points, as well as GHG data availability.

Description of the audit evaluation:

The SBP audit was carried out the day after FSC CoC audit of the Organisation.

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, SREG and GHG data calculations and FSC system description was provided by the company in the beginning of the audit. Audit started with an opening meeting attended by the Organisation's representative manager and consultant.

Audit team leader introduced himself, provided information about audit plan, methodology, auditor' qualification, confidentiality issues, and clarified certification scope. During the opening meeting the auditor explained CB's accreditation related issues.

After the opening meeting auditor made review of documented FSC CoC control system and critical control points, SBP documented procedure and responsible staff interviews. Furthermore, auditor went through all applicable requirements of the SBP standards nr. 4, 5 and applicable requirements of instruction document 5E. During the process, overall responsible person for SBP system and other staff were interviewed.

The site for the storage of biomass (pellets) was visited; all activities at the warehouse are carried out by the contractor Novik Terminal LLC

At the closing meeting of the audit, findings were summarised and audit conclusions were provided to the 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

Not applicable for trader.

7 Results

7.1 Main strengths and weaknesses

Strengths: Use of the FSC transfer system. Effective recordkeeping system. Clearly designated responsibilities within the staff members.

Weaknesses: a major condition 01 (due to the lack of FSC-certificate) was exposed during the audit and closed during the preparation of this report (the certificate was received).

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

Within the certification scope, Novik LLC has identified the following transport and logistics operations:

- Transportation on the territory of the Russian Federation by road and railway transport;
- Unloading operations;
- Storage in a covered warehouse (in big bags);
- Transportation to the port;
- Accumulation of a ship's lot in the port;
- Loading into the hold;
- Sea transportation.

The corresponding energy consumption (diesel and electricity) and transportation routes (distances) are provided for accounting in SREG, followed by its uploading to the DTS. Sample SREG was demonstrated; all reported values were explained by the responsible manager for SBP-certification (quality manager)

7.4 Competency of involved personnel

The main responsible person for SBP-certification has been appointed a quality manager who performs:

- Development, updating and implementation of internal documents and procedures for SBP;
- Collecting data on energy consumption in the warehouse and in the port;
- Formation of SBP Reports on Energy and GHG for the supplied Biomass (SREG);
- Development, implementation, maintenance, monitoring and modification of the management system;
- Consideration of claims and comments;
- Control over compliance with the FSC principles at the enterprise;
- Implementation of the DDS;
- Responsible for agreeing on the use of the SBP trademark.

The corresponding responsibilities according to SBP certification are also assigned to the manager of the commercial department (issuing invoices in accordance with SBP requirements; accepting and sending SBP transactions in the DTS system (Radix tree); transfer of SREG via the DTS system to the buyer), shop manager

and storekeeper (control over unloading of biomass to the warehouse and shipment in accordance with the FSC and SBP status of biomass).

During this audit, SBP responsible staff demonstrated appropriate qualifications. Organisation was supported and educated by external consultant Tatiana Savelyeva (Biomass Consult).

7.5 Stakeholder feedback

Not applicable for trader.

7.6 Preconditions

A major condition 01 (due to the lack of FSC-certificate) was exposed during the audit and closed during the preparation of this report (the certificate was received) – see section 10 .

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: Major
Standard & Requirement:	SBP Framework Standard 4: Chain of Custody, V.1.0, March 2015; p. 5.1.1 The legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.
Description of Non-conformance and Related Evidence:	
The applicant for the certificate developed and approved the FSC Chain of Custody Procedure for Novik LLC. During the day preceding the main SBP certification audit, Novik LLC had an FSC COC audit. According to the preliminary results of FSC COC main audit announced at the closing meeting, Novik LLC passed the FSC COC audit without major conditions with the recommendation for issuing a certificate. Responsible employees of the organization interviewed during the audit confirmed their competence in FSC requirements. At the same time, formally, at the time of the main audit on SBP, the applicant for the certificate is not certified according to the SBP-approved system of the COC and is not a holder of a valid certificate. In view of the above, a decision was made to assess the identified condition as major.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Novik LLC received FSC COC certificate and provided it to certification body.
Findings for Evaluation of Evidence:	The applicant for the certificate got the FSC chain of custody certificate (FC-COC-001617) on 30.11.2020. Thus, the condition set on the MA was eliminated, and MC-01 can be closed.
NC Status:	Closed

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:	25/Dec/2020
Other comments:	-