



NEPCon Evaluation of Region-les 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
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1 Overview

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Primary contact for SBP: Ondrej Tarabus otarabus@preferredbynature.org, +34 605 638 383

Current report completion date: 30/Dec/2020

Report authors: Nikolai Tochilov

Name of the Company: Region-les LLC. Legal address: 163015, Russia, Arkhangelsk, Leningradskiy ave, 163, office 20. Production site address: Russia, Arkhangelsk, Leningradsky ave., 68 (Production site of the Sawmill Complex in the Mayskaya Gorka District of Arkhangelsk)

Company contact for SBP: Anton Studentsov, +79212946946, studencov_a@regionlesm.ru

Certified Supply Base: Russia, Arkhangelsk region

SBP Certificate Code: SBP-08-29

Date of certificate issue: 31/Dec/2020

Date of certificate expiry: 30/Dec/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Arkhangelsk, 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 includes communication of Dynamic Batch Sustainability Data. The scope includes evaluation against SBP ID 2D.

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. 1.3.
- Assessment of compliance with ID 2D 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

Region-les LLC is one of the largest companies in the timber industry of Arkhangelsk region, with the central office in Arkhangelsk, Russia. Organisation includes the sawmilling and pellet production facilities in Shenkursk district of Arkhangelsk region (the pellet plant is SBP-certified – SBP-07-40) and the new pellet production in Arkhangelsk (commissioned in November 2020).

Organisation furthermore has created the group association, with the aim of promoting and assisting logging organizations (suppliers) in meeting the requirements of national and international FSC standards. This group association currently includes four timber harvesting companies located in the middle and southern parts of Arkhangelsk region.

The scope of this evaluation covers the new pellet plant in Arkhangelsk, which has annual production capacity of 80 000 tones.

Only primary feedstock (low grade roundwood) with FSC 100% claim will be used for FSC/SBP certified pellet production. The feedstock is normally delivered to the pellet production site by flatboats from wood suppliers situated upstream the Severnaya Dvina river. The final product will be transported by vessels from Arkhangelsk harbour to different harbours in Europe on CIF Incoterms delivery conditions.

5.2 Description of Company's Supply Base

Region-Les LLC is a biomass producer located in the Mayskaya Gorka district of the city of Arkhangelsk, Russia. Region-Les LLC produces SBP-compliant biomass from SBP-compliant primary feedstock, consisting of low-grade roundwood (pulpwood, firewood, technical raw materials). The feedstock is sourced from 4 wood suppliers. The main share of the feedstock is conifers: Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*) - 77,8%; the remaining share of the feedstock is represented by broadleaved species: Birch (*Betula pendula*, *Betula pubescens*) and Aspen (*Populus tremula*) – 22,2%.

The supply base, which is the place of origin of wood that is used as feedstock and biofuel for biomass production, is limited to the leased forest areas of 4 logging companies. Leased forest plots of the wood suppliers are located exclusively in the Arkhangelsk region (Russia). All forest areas are managed in accordance with the Russian national FSC standard, which is confirmed by the valid FSC forest management certificates held by the suppliers.

The total volume of harvest in the Arkhangelsk region for 2019 (Report "State and Protection of the Environment of the Arkhangelsk Region for 2019") amounted to 14,3 million m³. The total procurement volume of the organization's suppliers amounted to 724,8 thousand m³ during the same period, which is only 5,1% of the total wood procurement in the Arkhangelsk region. Annual allowable cut (AAC) is fulfilled by suppliers for 99% for 2019. Actual harvest volume for 2019 in the Arkhangelsk Region was 55% of the current AAC. According to the Report, in 2019 the timber industry complex of the Arkhangelsk region produced the following volumes of woodworking production: 2,354.8 thousand m³ lumber, 457.4 thousand tons fuel pellets, 135 thousand m³ plywood. Also, in 2019, pulp and paper mills shipped products (cardboard, paper, cellulose) worth 84.6 billion rubles. In terms of the volume of goods shipped in 2019, the timber industry complex accounted for 46.2% of the total volume of goods shipped for all types of industrial production. Of these, 14.5% are woodworking products and 31.7% are paper and paper products. At the same time, in 2019, woodworking

industries showed an increase of 3.5% compared to 2018, while a decline in production by 3.1% is observed in the pulp and paper industry.

In 2019, an increase in the average monthly wage was observed: in logging, growth was 2.4%, in pulp and paper production - 8%, in woodworking industries - 42.4%.

The population of the Arkhangelsk Region as of January 1, 2020 amounted to 1,092.4 thousand people. The demographic situation in the region is characterized by complex and ambiguous processes. In 2019, the number of residents of the region decreased by 7.9 thousand people (in 2018 - by 10.7 thousand people) or by 0.7%, which is lower than the level of demographic losses in previous years. The main reason for the decline in population is natural loss.

In accordance with the legislation of the Russian Federation forest areas are in federal ownership. Suppliers manage forest land on the basis of long-term lease agreements (up to 49 years). 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.

Forest areas are represented by both coniferous and deciduous stands. The main forest-forming species: Norway spruce (*Picea abies*) – 42%, Scots pine (*Pinus sylvestris*) – 22%, Silver birch (*Betula pendula*), Downy birch (*Betula pubescens*) – 31%, Aspen (*Populus tremula*) - 5%. The average age of the forest stand is 113.2 years.

The adjacent lands of the supply base are mainly represented by forest areas of other tenants and agricultural land. Mostly logging activities and agriculture are carried out in these territories, respectively. In protective forests located along lakes, swamps and other environmentally sensitive objects, a more strict control regime is applied.

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. Selective cutting and clear cuts are used as a methods of wood harvesting. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings (about 10-15%) or the promotion of natural regeneration (85-90%).

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. Region-Les LLC processes only Norway spruce (*Picea abies*), Scots pine (*Pinus sylvestris*), Silver birch (*Betula pendula*), Downy birch (*Betula pubescens*), Aspen (*Populus tremula*). The tree species listed in CITES and IUCN are not met within the supply base.

Logging companies, being FSC certified forest users, provide social support to the local population through various social programs (for example, the supply of fuel wood to the local population, preferential employment rights for local residents, participation in the organization of local events as sponsors, assistance in the construction and repair of local infrastructure facilities, etc.).

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	667156 ha
Tenure by type (ha):	public 667156 ha
Forest by type (ha):	boreal 667156 ha
Forest by management type (ha):	managed natural 667156 ha
Certified forest by scheme (ha):	667156 ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available at company's homepage <http://rl-group.net/certificate-en> (English version) and <https://www.ri-group.net/certificate> (Russian version).

5.4 Chain of Custody system

BP holds valid FSC CoC single certificate

<https://info.fsc.org/details.php?id=a023300000YLYgnAAH&type=certificate> covering the following sites:

- Central office in Arkhangelsk
- Sawmilling and pellet production in Shenkursk district of Arkhangelsk region
- Pellet production in Arkhangelsk.

The scope of this SBP certification covers only the pellet production in Arkhangelsk, which sources only primary feedstock (low grade roundwood) with FSC 100% claim which is chipped onsite and used both for pellet production and feedstock drying. FSC transfer system of claims is implemented (all pellets will have FSC 100% claim). Non-certified feedstock is not sourced by pellet plant. Since the pellet plant was commissioned in November 2020, and there was almost no actual pellet production at the moment of this assessment, BP has implemented engineering calculations to establish and justify the conversion factor.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on November 11-13, 16, 17, 19, 20, 23-25, and December 03, 2020. Evaluation activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
- Opening meeting	Skype	11/11/2020 11.00-11.30
- Brief opening meeting with the staff of FSC-certified roundwood supplier Dvinlesprom LLC - Documents review and staff interview (in relation to ID 2D requirements)	Supplier's office in Dvinskoy settlement	12/11/2020 10.00-17.00
- Onsite inspection of the forest management unit (in relation to ID 2D requirements)	Concession agreement #403, Emetskoye Lesnichestvo	13/11/2020 09.00-14.00
- Brief opening meeting with the staff of FSC-certified roundwood supplier Yumizh-les LLC - Documents review and staff interview (in relation to ID 2D requirements)	Supplier's office in Shenkursk town	16/11/2020 14.00-17.00
- Onsite inspection of the forest management units (in relation to ID 2D requirements)	Concession agreements #810 and 1013, Shenkurskoye Lesnichestvo	17/11/2020 09.00-14.00
- Brief opening meeting with the staff of FSC-certified roundwood supplier Vaengskiy Lespromhoz LLC - Documents review and staff interview (in relation to ID 2D requirements)	Supplier's office in Dvinskoy Berezniik settlement	19/11/2020 10.00-17.00
- Onsite inspection of the forest management units (in relation to ID 2D requirements)	Concession agreements #1220, 274 and 276, Berezniikovskoye Lesnichestvo	20/11/2020 10.00-14.00
- Evaluation of compliance with ID 2D (group manager responsibilities) - Documents and procedures review (feedstock inputs; SBR; management and monitoring system; complaints resolution. - FSC CoC control system and critical points; compliance with legal requirements; anticorruption arrangements; payment of applicable taxes and fees	BP's office in Arkhangelsk	23/11/2020 09.00-10.30 10.30-12.00 12.00-13.30 14.00-17.00

<ul style="list-style-type: none"> - Review of the primary data on energy use; SAR 		
<ul style="list-style-type: none"> - Interview with H&S responsible, H&S training records review - Onsite inspection of pellet production site; interviews with pellet production chief and operator - Interview with the chief of wood sourcing department; review of input records and delivery documents from feedstock suppliers - Interview with accountant and economist; review of invoices from feedstock suppliers; registration of input volumes in BP's database - Interview with the staff responsible for performance of outgoing documents (bills of lading, cargo manifests) - Interview with Deputy Director General on production; documents review (legal compliance) - Interview with customs specialist (performance of outgoing invoices) - Interview with the chief of transport department; documents review (diesel consumption) 	<p>Production facilities in Arkhangelsk (Production site of the Sawmill Complex in the Mayskaya Gorka District of Arkhangelsk)</p>	<p>24/11/2020 09.15-09.30 09.30-11.00 11.00-11.45 11.45-12.15 12.15-12.45 12.45-13.15 14.00-14.30 14.30-15.00</p>
<ul style="list-style-type: none"> - SAR and energy use primary data review - Onsite inspection of the production facilities; staff interviews and documents review - Preparation for the closing meeting with the Organisation's management - Closing meeting 	<p>BP's office in Arkhangelsk</p> <p>Production facilities in Arkhangelsk</p> <p>BP's office in Arkhangelsk</p>	<p>25/11/2020 09.15-11.00 11.00-12.30 12.30-15.00 15.00-16.00</p>
<ul style="list-style-type: none"> - Onsite inspection of the production facilities; staff interviews and documents review (follow-up on the major NCR 01/20) and the additional discussions of the assessment results 	<p>Production facilities in Arkhangelsk</p>	<p>03/12/2020 13.00-15.00</p>

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov, audit team leader	<p>NEPCon International Senior Auditor, NEPCon lead auditor for SBP, FSC/PEFC FM/COC and COC/CW certifications.</p> <p>SBP: 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, Portugal, Germany, Netherlands, Belgium, Latvia, Belarus and Vietnam.</p> <p>FSC: He has successfully passed Rainforest Alliance/NEPCon forest management lead auditor training in 2006. During the last 14 years he participated as lead auditor and witness auditor in all types of the FSC forest management evaluations in Russia, Belarus, Denmark, Estonia, Latvia, Bulgaria, Romania, Indonesia.</p>

Description of the audit evaluation:

Assessment started with an opening meeting in Skype, attended by the representatives from Organisation's management. During the opening meeting, audit team leader introduced himself, provided information about evaluation agenda, methodology, auditor qualification, confidentiality issues, evaluation methodology, and clarified certification scope.

The distinctive feature of this SBP assessment is the implementation by BP of SBP Instruction Document 2D: SBP Requirements for Group Schemes (ver. 1.1, November 2018), which had been developed by SBP for Biomass Producers wishing to demonstrate compliance with Netherlands SDE+ requirements for category 1-4 biomass. Therefore, the assessment was divided in two main stages:

- Documents review, staff interviews at BP's office, onsite inspection of the pellet plant in Arkhangelsk, onsite inspection of the contractor in S.Petersburg harbour
- Evaluation of the group members' performance as per ID 2D (including documents review at their offices, staff (and if applicable – stakeholders) interviews, and field inspections of the forest management units.

Unfavorable weather conditions (late autumn, beginning of ice formation in the rivers) worsened dramatically the accessibility to the forests, that forced the audit team leader to visit first the Group Members' offices and forest management units. The second (final) stage of evaluation was conducted at Organisation's office and pellet plant in Arkhangelsk.

Stage 1 – evaluation of Group Members and FMUs

The purpose of the auditor visits to Group Members' offices and forest management units was to evaluate the Group Members against all indicators of the SDE+ sustainability requirements for the feedstock using the Locally Applicable Verifiers (LAV), which have been developed by BP.

Totally, four Group Members (organisations managing 22 forest management units) are included by Organisation (Group Manager) into the scope of this certification. All forest management units are located in Arkhangelsk region:

Group Member – Vaengskiy Lespromhoz LLC				
FMU (concession agreement)	Total area, ha	Forestry (Lesnichestvo)	Forest District	Compartments
#274 dated of 16.05.2008	170 479	Bereznikovskoye	Bereznikovskoye	4, 5, 12, 98-100, 110-117, 120-124

			Morzhegorskoye	22, 23, 27, 48, 53, 62
			Vaengskoye	1, 2, 6, 7, 10-13, 17, 21, 25-27, 30-32, 36, 39, 47-52, 62-65, 67, 74, 75, 77-79
			Klonovskoye	1, 2, 9, 10, 16-19, 21-28, 31-41, 43-50, 52-59, 64, 65, 71-76, 81-83, 105,106
			Tulgasskoye	10, 11, 15, 17, 23-26, 29-32, 38-41, 58-61, 65, 79, 80, 88-90, 92, 102, 108, 109, 111, 116-118, 121, 122, 139, 142, 152-155, 169
			Nizhnedvinskoye	23,101 (Nizhnedvinskoye)
			Yugnovskoye	31-39, 44-51, 54-58, 60-66, 73-80, 82, 83, 86, 89-93, 100, 101, 104-106, 110, 111, 116-122
#1220 dated of 03.11.2011	31 333	Bereznikovskoye	Yugnovskoye	69-72, 87, 88, 94, 102, 103, 112-115
			Vaengskoye	3, 8, 14-16, 18-20, 22-24, 28, 29, 40, 41, 46
			Klonovskoye	29, 93-98, 107, 108, 113-117
#276 dated of 23.04.2008	12 172	Bereznikovskoye	Klonovskoye	3-8, 11-15, 20, 30, 42
#393 dated of 02.07.2008	12 749	Bereznikovskoye	Rochegodskoye	123, 147, 164-166, 176, 180, 181, 193, 194, 196, 198, 202, 203, 213, 214, 226, 228
			Tulgasskoye	114, 115, 138
Group Member – Dvinlesprom LLC				
FMU (concession agreement)	Total area, ha	Forestry (Lesnichestvo)	Forest District	Compartments
#403 dated of 01.08.2009	131 925	Emetskoye	Chelmohotskoye	203-206
			Kovozerkoye	1-22, 25-58, 64-75, 81-92, 96-104, 106-117, 119-127
			Pingishenskoye	1-4, 14-16, 26, 27, 41, 42, 53, 59, 68, 85, 95-98

#411 dated of 01.11.2008	51 856	Bereznikovskoye	Nizhnedvinskoye	1-4, 6-15, 20-22, 37-42, 56, 74, 75, 77, 80, 89, 91-96, 98, 110-116, 119
			Yugnovskoye	1-4, 14-16, 26, 27, 41, 42, 53, 59, 68, 85, 95-98
#1261 dated of 26.12.2011	17 284	Bereznikovskoye	Nizhnedvinskoye	5, 30-36, 69-73, 55, 76, 78, 97
#135	7 536	Bereznikovskoye	Vaengskoye	57-60, 68-70, 72, 73, 87
Group Member – Krasnoborsk-les LLC				
FMU (concession agreement)	Total area, ha	Forestry (Lesnichestvo)	Forest District	Compartments
#45 dated of 05.10.2007	13 791	Krasnoborskoye	Cherevkvskoye	1-5, 11-13,19-22, 54-56, 83, 86, 87, 94, 95, 92 (southern part), 98
			Krasnoborskoye	47
#127 dated of 08.11.2007	11 577	Krasnoborskoye	Cherevkvskoye	35-38, 47, 60-62, 77-79, 88-90
# 330 dated of 03.07.2008	49 000	Krasnoborskoye	Uftyugskoye	12-18,34-36,52,53
			Komarovskoye	1-20,23-28,31,32
			Slobodskoye	49-54,65-70
#745 dated of 25.08.2009	13 652	Krasnoborskoye	Pravodvinskoye	79,80,103-105
			Uftyugskoye	206-210
			Komarovskoye	94,95,103-106
#943 dated of 13.08.2010	2 375	Krasnoborskoye	Cherevkvskoye	82, 84, 85, 99
#98 dated of 06.11.2007	11 723	Obozerskoye	Kirillovskoye (Shelekovskoye)	1, 35, 37, 46, 49, 50, 52, 53, 55-57, 60, 61, 63, 66, 67, 72, 75-77, 80, 83
#454 dated of 12.09.2008	6 906	Obozerskoye	Kirillovskoye (Shelekovskoye)	31, 32, 38-45, 51, 54, 64, 70, 71
#491 dated of 31.12.2008	16 371	Plesetskoye	Plesetskoye (Shelekskoye)	1, 4-7, 10-15, 18-22, 26, 28-32, 36-39, 44-46, 51-54, 60, 61
#622 dated of 31.12.2008	9 893	Plesetskoye	Plesetskoye (Shelekskoye)	2, 3, 8, 9, 16, 17, 23, 27, 35, 43
			Plesetskoye (Oksovskoye)	2, 11-14, 24, 25, 36, 37
#855 dated of 26.02.2010	15 313	Priozernoeye	Konevskoye (AOZT Kenoretskoye)	1-57, 70-78
			Samkovskoye	46, 47
Group Member – Yumizh-les LLC				
FMU (concession agreement)	Total area, ha	Forestry (Lesnichestvo)	Forest District	Compartments

#810 dated of 21.12.2009	35 659	Shenkurskoye	Tarnyanskoye	10-16, 39-47, 48, 49, 53, 54, 65, 67- 71, 103
			Padengskoye	22
			Shelashskoye	16-23,50-55,60-63
			Shenkurskoye	163, 168
#900 dated of 21.06.2010	30 659	Shenkurskoye	Tarnyanskoye	6, 7, 8, 9, 17
			Ledskoye (Ledskoye)	101, 106, 107
			Ledskoye (AO Ledskoye)	59, 82, 104, 118
			Syumskoye	42,100,138,151- 162
			Shenkurskoye	13, 21, 23, 68, 72, 74-77, 88, 153, 154
			Borovskoye (SPK imeni Lenina)	4,8,44,46
#1013 dated of 10.12.2010	7 533	Shenkurskoye	Syumskoye	47-49, 65, 102, 103, 128-130
#79 dated of 15.11.2007	7 370	Shenkurskoye	Rovdinskoye	13, 62
			Padengskoye	51-53, 81, 83, 85, 91, 104, 107
TOTAL	667 156			

Sampling of the FMUs for field visits was undertaken according to SBP Instruction Document 3I: SBP Requirements for Certification Bodies Auditing SBP Group Schemes, Section 4. All FMUs are represented by natural forests, but classified into 2 sets of 'like' FMUs, depending on the size class (set 1 – FMUs larger than 10000 ha; set 2 – FMUs having the area of 1000 – 10000 ha).

Set 1 includes 16 FMUs; Set 2 includes 6 FMUs.

To identify the minimum number (X) of FMUs for evaluation, the following formulas were applied

Set 1: $X = \sqrt{y}$; Set 2: $X = 0.3 * \sqrt{y}$,

where **y** is the total number of FMUs in the relevant Set.

Finally, **4 FMUs** from Set 1, and **1 FMU** from Set 2 should have been evaluated during this assessment, according to the requirements specified in SBP ID 3I.

FMUs for evaluation were selected randomly, but considering the accessibility of the forests during the season of the year. Since the FMUs in many cases are adjacent to each other, in fact, the larger number of the FMUs was inspected during this assessment.

The following Group Members and FMUs were inspected onsite:

Dvinlesprom LLC – FMU #403

Yumizh-les LLC – FMUs #810 and #1013

Vaengskiy Lespromhoz LLC – FMUs #274, #276 and #1220

It should be noted that all four Group Members hold valid FSC FM/COC certificates (NC-FM/COC-017141; NC-FM/COC-014071; NC-FM/COC-014871; NC-FM/COC-014075), and NEPCon provides them relevant

services as Certification Body. During preparation to this SBP assessment, the following guidance have been received from SBP:

ISO 17065 standard says the following:

7.3.5 If the certification body relies on certifications it has already granted to the client, or has already granted to other clients, to omit any activities, then the certification body shall reference the existing certification(s) in its records. If requested by the client, the certification body shall provide justification for omission of activities.

SBP guidance: The CB may use evidence collected during the auditing activities against other certification schemes (e.g. FSC FM). The CB shall, based on the information obtained, justify and record any adjustments or omissions to the existing audit programme. The CB has to cross-reference requirements from ID2D and relevant clauses of supporting certification scheme in their audit programme and audit report.

Audit team leader made an analysis of the applicable requirements from SBP ID 2D and the Russian National FSC FM Standard. The results of the analysis are shown in the table below:

ID 2D, Netherlands SDE+	FSC-STD-RUS-V6-1-2012 Russia Natural and Plantations EN	Cross-reference
Indicator 3.1	-	No
Indicator 3.2	Indicator 5.5.5	Yes, partly
Indicator 3.3	Indicator 6.10.1	Yes, partly
Indicator 4.1	-	No
Indicator 4.2	-	No
Indicator 4.3	-	No
Indicator 5.1	-	No
Indicator 6.1	Indicator 2.1.1	Yes
Indicator 6.2	Indicators 1.2.2, 1.2.3	Yes
Indicator 6.3	-	No
Indicator 7.1	Criteria 9.2, 9.3	Yes
Indicator 7.2	Criterion 6.2	Yes
Indicator 7.3	Indicators 6.10.1, 6.10.2	Yes
Indicator 7.4	Principle 10	Yes
Indicator 7.5	Indicators 1.5.1, 1.5.2, 5.3.4, 5.6.6	Yes
Indicator 8.1	Criterion 5.5, Indicators 6.1.8-6.1.9. Criterion 6.5	Yes
Indicator 8.2	Indicator 5.5.8, Criteria 6.1, 6.5, 6.7	Yes
Indicator 8.3	Indicators 6.5.3-6.5.10, 6.6.7	Yes, partly
Indicator 8.4	Criteria 6.1, 6.3, Indicators 6.5.7, 6.5.9	Yes
Indicator 8.5	-	No
Indicator 8.6	Criterion 6.6	Yes
Indicator 8.7	Criterion 6.6	Yes
Indicator 8.8	Criterion 6.7	Yes
Indicator 9.1	Indicators 5.1.1, 5.6.1-5.6.3, 6.3.10, 6.3.14	Yes
Indicator 9.2	Indicators 1.5.1, 1.5.2	Yes
Indicator 10.1	Criterion 7.1	Yes
Indicator 10.2	Criteria 5.1 and 7.1	Yes
Indicator 10.3	Indicators 7.1.16-7.1.18	Yes
Indicator 10.4	Criterion 7.2	Yes
Indicator 10.5	Criterion 7.3	Yes

As it can be seen from the analysis, most of the applicable indicators related to the forest management performance are securely covered by respective requirements of the FSC Forest Management evaluation standard. Few indicators (3.1, 4.1-4.3, 5.1, 6.3, 8.5) are not covered or partly covered (3.2, 3.3, 8.3) by the FSC FM standard.

Therefore, during the onsite visits of the Group Members' offices and FMUs, the focus was given to those aspects which are not covered by FSC FM standard, although the compliance with all the other requirements (SDE+ indicators) was evaluated by auditor as well.

During onsite inspections of the FMUs, 23 different sites were visited by auditor, and the following aspects were evaluated:

- management regimes in HCVF4 (riparian zones along the water bodies);
- construction of bridges;
- measures on soil erosion prevention at sensitive sites of landscape;
- quality of the water onsite and downstream;
- non-commercial thinning / tending of the young forest stands;
- artificial reforestation and assistance to natural reforestation at harvest sites;
- biodiversity preservation at clear cuts;
- shelterwood harvest.

Auditor furthermore used the findings from the full versions of the most recent FSC forest management audit reports for all Group Members, completed by NEPCon auditors during the previous 12 months, to cover the other aspects required by SBP ID 3I, p.2.5 (such as complaints received, accident records, operational plans for the next 12 months, inventory and harvesting records).

Stage 2 – evaluation at Organisation's office and pellet plant in Arkhangelsk

All SBP related documentation related 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 at the beginning and during the assessment.

Auditor went through all applicable requirements of the SBP standards nr. 2, 4, 5 and Instruction Documents 5E and 2D, 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.

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 audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

During the onsite inspection of the production facilities in Arkhangelsk (November 25, 2020), violations of the health and safety requirements by contractors have been observed by auditor, which led to raising the major NCR 06/20. Organisation has identified the root cause of the non-conformance and implemented the corrective actions, which have been evaluated by the auditor during the follow-up visit held on December 3, 2020.

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

The stakeholder consultation was carried out on September 1, 2020 by sending the direct notification email to different stakeholder categories. The email supplemented with the description of Indicators of the SDE+ sustainability requirements for the feedstock and the Locally Applicable Verifiers (LAV), which have been developed by BP. 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. No comments from the stakeholders have been received.

According to the SBP Instruction Document 3I: SBP Requirements for Certification Bodies Auditing SBP Group Schemes, p. 2.3, 'the auditor(s) shall interview a sufficient variety and number of people affected by or involved in the forest management of each FMU as to make direct, factual observations as to conformity with all the indicators of SBP Instruction Document 2D'.

While the stakeholder consultations at the national and regional level were carried out by sending the email notification mentioned above, the local stakeholders have not been covered with this. Normally, there are two main groups of the stakeholders at a local level: *local communities* and *local (forestry) authorities*.

According to SBP guidance received by NEPCon prior to the assessment, 'the CB may use evidence collected during the auditing activities against other certification schemes (e.g. FSC FM)'. Since all four Group Members included into the scope of this assessment are FSC FM/COC-certified by NEPCon, auditor used the results of the stakeholder consultations from the most recent FSC FM/COC audit reports for these Group Members (stakeholder consultations are the important part both for the initial FSC forest management assessments and annual audits held by NEPCon):

Krasnoborsk-les LLC: last forest management audit conducted in March, 2020; 3 representatives of the local communities and 5 representatives of the local authorities have been contacted.

Vaengskiy Lespromhoz LLC: last forest management audit conducted in December, 2019; 2 representatives of the local communities and 4 representatives of the local authorities have been contacted.

Dvinlesprom LLC: last forest management audit conducted in December, 2019 – January, 2020; 1 representative of the local communities and 3 representatives of the local authorities have been contacted.

Yumizh-les LLC: last forest management audit conducted in February, 2020; 3 representatives of the local communities and 4 representatives of the local authorities have been contacted.

All stakeholders informed that they are not aware of any violations by the Organization of the requirements of current legislation. No illegal or unauthorized activities were recorded on the certified territory.

The regional NGO informed auditors that Group Members meet the HCVF conservation agreements and actively participate in discussions and negotiations with stakeholders.

No other comments have been received from local stakeholders in relation to the forest management practices implemented by the Group Members in terms of the aspects which are applicable to ID 2D.

Taking into account all described above, lead auditor decided to refuse from pro-active stakeholder consultations at a local level during this assessment.

One comment have been received from the representative of local communities (hunter) met by auditor during the field inspection of the FMU at Dvinlesprom LLC, which led to raising the Observations 04/20 and 06/20.

7 Results

7.1 Main strengths and weaknesses

Strengths: transfer system of FSC CoC claims; no non-certified inputs of the feedstock for pellet production; high professional qualification and experience of the SBP responsible staff representative (both in SBP and FSC FM/COC and FSC COC).

Weaknesses: please see the list of NCRs in Section 10 below. Lack of actual energy use data could also be considered as a weakness, but this is justified by the fact that the pellet plant was commissioned shortly prior to this SBP assessment.

7.2 Rigour of Supply Base Evaluation

Not applicable for this assessment.

7.3 Collection and Communication of Data

Since the pellet plant was commissioned shortly prior to this assessment, Organisation was not able to collect the actual data on energy use. Engineering calculations (including diesel and electricity use, feedstock and biofuels consumption values) were developed and justified to auditor by Organisation. Organisation is aware that engineering values may be used as verifiable evidence and then actual values should be evaluated after start-up when stable operations have been reached for at least three consecutive months.

7.4 Competency of involved personnel

Overall, Organisation staff showed good understanding of knowledge of all applicable SBP requirements. The following staff members are involved in SBP certification: SBP/FSC responsible person (SBP procedures and systems development and monitoring, SAR, SBR, DTS, comments/complaints resolution, SBP trademark use), chief of pellet production (registration of the inputs and outputs volume, moisture measurements, electricity consumption monitoring), wood supply department chief (monitoring of feedstock inputs and biomass outputs), chief of transport department (monitoring of diesel consumption at pellet production site), customs specialist (performance of transport and sales documents), Director General (H&S). Please also see minor NCR 01/20 in Section 10 below.

7.5 Stakeholder feedback

Please see Section 6.3 above for details.

7.6 Preconditions

Please see major NCR 06/20 in Section 10 below.

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.

List of non-conformity reports (перечень выявленных несоответствий):

NC number 01/20	NC Grading: Minor
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock, Version 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:	
<p>The Cargo Manifest and Bill of Lading are performed by the staff of contractor company providing logistics services. The contractor staff explained that they will be specifying SBP certificate code and PBid in above mentioned documents, and that exact PBid used in the documents will be first reviewed and approved by the customer purchasing the certified biomass from Region-les. Instead, SBP documented procedure, Section 8, states that SBP certificate code and PBid will be included by Organisation only in invoices (upon customer's request) and nothing is mentioned about prior PBid approval by customer.</p> <p>Грузовой манифест и коносамент подготавливаются компанией-подрядчиком, оказывающей Организации услуги в области логистики. Представители подрядчика пояснили, что они будут включать код сертификата SBP и PBid в указанные выше документы, и что точный номер PBid вначале будет проверяться и одобряться покупателем сертифицированных пеллет, продаваемых Организацией. В то же время, документированная процедура SBP (раздел 8) определяет, что код сертификата SBP и PBid будут включаться Организацией только в инвойсы (по запросу покупателя), и ничего не сказано о том, что PBid будет предварительно одобряться покупателем.</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:	-
Findings for Evaluation of Evidence:	-

NC Status:	Open
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NC number 02/20	NC Grading: Minor
Standard & Requirement:	<p>SDE+ Principle 8: The regulating effect and the quality, health and vitality of the forest are maintained and where possible enhanced</p> <p>Indicator 8.1 The soil quality of the forest management unit is maintained and if necessary improved, with special attention to coasts, river banks, erosion-sensitive areas and sloping landscapes.</p>
Description of Non-conformance and Related Evidence:	
<p>Overall, Group Members have developed and implemented the measures to maintain and where possible – improve the soil quality. It is achieved by minimizing the amount of crosses the sensitive sites during timber harvest and extraction; consideration of relief elements during planning of the network of skidding trails; strengthening the skidding trails with branches and tops of harvested trees; implementation of the measures to prevent and minimize soil contamination with oil and fuel; avoiding of forest machinery parking in riparian zones along the streams. All this was confirmed by auditor during documents review, interviews with the staff of Group Members, and field inspections.</p> <p>A single case was observed by auditor in the forest, when there was a significant negative impact on soil at sensitive area (slope of the river). Few hours prior to field inspection, there was an extremely heavy rain, and excessive water flowed down to the river by the ditches (maintained along the forest road), initiating the erosion processes.</p> <p>В целом, члены группы разработали и внедрили меры по поддержанию, и где возможно – улучшению качества почв. Это достигается путем: минимизации количества проездов техники через чувствительные участки при заготовке леса и его трелевке; учета элементов рельефа при планировании системы трелевочных волоков; укрепления трелевочных волоков порубочными остатками; применения мер по предотвращению и минимизации загрязнения почвы ГСМ; запрета на стоянку техники в водоохранных зонах. Все это было подтверждено аудитором при проверке документации, опросе персонала членов группы и полевых инспекциях.</p> <p>В одном случае при полевой инспекции аудитор наблюдал существенное негативное воздействие на почву на чувствительном участке (приречный склон). За несколько часов до проведения инспекции прошел сильнейший дождь, и избыточная вода стекала в реку по кюветам, поддерживаемым по бокам лесной дороги, инициируя эрозионные процессы.</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:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 03/20	NC Grading: Minor
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Standard & Requirement:	<p>SDE+ Principle 8: The regulating effect and the quality, health and vitality of the forest are maintained and where possible enhanced</p> <p>Indicator 8.2 The water balance and quality of both groundwater and surface water in the forest management unit and downstream outside the forest management unit are at least maintained and where necessary improved.</p>
Description of Non-conformance and Related Evidence:	
<p>Overall, Group Members have developed and implemented the measures to maintain and where possible – improve the water balance and quality. It is achieved by measures to prevent and minimize soil contamination with oil and fuel; avoiding of forest machinery parking in riparian zones along the streams. All this was confirmed by auditor during documents review, interviews with the staff of Group Members, and field inspections.</p> <p>A single case was observed by auditor in the forest, when there was a significant negative impact on water quality in the river Vaenga. Few hours prior to field inspection, there was an extremely heavy rain, and excessive water polluted with mineral sediments flowed down to the river by the ditches maintained along the forest road.</p> <p>In the other case, auditor observed the remnants of the old bridge in the river, which to some extent block the stream and accumulate the natural wooden wastes floating downstream.</p> <p>В целом, члены группы разработали и внедрили меры по поддержанию, и где возможно – улучшению водного баланса и качества воды. Это достигается путем: применения мер по предотвращению и минимизации загрязнения почвы ГСМ; запрета на стоянку техники в водоохранных зонах. Все это было подтверждено аудитором при проверке документации, опросе персонала членов группы и полевых инспекциях.</p> <p>В одном случае при полевой инспекции аудитор наблюдал существенное негативное воздействие на качество воды в р. Ваеньга. За несколько часов до проведения инспекции прошел сильнейший дождь, и избыточная вода, загрязненная минеральными примесями, стекала в реку по кюветам, поддерживаемым по бокам лесной дороги.</p> <p>В другом случае аудитор наблюдал остатки старого моста в реке, которые в определенной степени блокировали течение, задерживая древесные остатки, плывущие сверху реки.</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:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 04/20	NC Grading: Minor
Standard & Requirement:	SDE+ Principle 8: The regulating effect and the quality, health and vitality of the forest are maintained and where possible enhanced

	Indicator 8.4 Unnecessary damage to ecosystems is prevented by applying reduced impact logging and the most suitable road construction methods and techniques for local conditions.
Description of Non-conformance and Related Evidence:	
<p>Minor NCRs 02/20 and 03/20 raised above show that unnecessary damage to ecosystems is not completely prevented by most suitable road construction methods and techniques for local conditions. Verificators developed by the Group Manager under Indicator 8.4 require that environmental impact assessment of the roads construction shall be completed (8.4.1), measures to minimize the relevant negative impact shall be developed (8.4.2) and implemented (8.4.3).</p> <p>Environmental impact assessment undertaken by the Group Members does not fully consider the potential negative impact on the water streams during (re)construction and maintenance of the water crosses/bridges, and during forest roads (re)construction in general.</p> <p>Незначительные NCR 02/20 и 03/20, описанные выше, указывают на то, что необоснованный ущерб экосистемам не полностью предотвращается с применением щадящих методов и техник дорожного строительства, наиболее подходящих для местных условий.</p> <p>Верификаторы, разработанные Менеджером Группы для Индикатора 8.4, требуют, чтобы была осуществлена оценка воздействия применяемых технологий дорожного строительства на природные ценности (8.4.1), и меры по минимизации негативного воздействия были разработаны (8.4.2.) и внедрены (8.4.3).</p> <p>Оценка воздействия на окружающую среду, выполненная Членами Группы, не полностью учитывает потенциальное негативное воздействие на водотоки при строительстве, реконструкции и ремонте переездов/мостов, а также при строительстве и реконструкции лесных дорог в целом.</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:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 05/20	NC Grading: Minor
Standard & Requirement:	<p>SBP Framework Standard 4: Chain of Custody, Version 1.0 March 2015, p. 5.3.1</p> <p>All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.</p>
Description of Non-conformance and Related Evidence:	
<p>BP accepts delivered timber (roundwood) in solid m3, but needs to convert it to tones, in order to put the figures in table 2.1 of SAR. Conversion from solid m3 to tones is based on factors taken from FAO Wood Fuels Handbook. It depends on tree species and its moisture value. Some share of the feedstock is delivered as 'conifers mixture' or 'boradleaved mixture'. In such case BP determines the share of the tree</p>	

species (pine+spruce) and (aspen+birch) based on the average species composition of the FMUs where this batch originates from, which can not reflect the real composition of tree species in delivered batch.

Организация принимает получаемую древесину (круглый лес) в плотных м3, но вынуждена переводить ее количество в тонны, для того, чтобы внести соответствующие данные в таблицу 2.1 в документе SAR. Коэффициенты перевода из плотных м3 в тонны основаны на информации из FAO Wood Fuels Handbook. Они зависят от древесной породы и влажности древесины. Определенная часть сырья доставляется на производственную площадку как балансы хвойные или балансы лиственные. В этом случае Организация определяет пропорции древесных пород (сосна + ель) и (береза + осина) по среднему таксационному составу лесных насаждений того лесного участка, из которого происходит партия древесины, что не отражает реального породного состава древесины в доставленной партии.

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:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 06/20	NC Grading: Major
Standard & Requirement:	SBP Framework Standard 4: Chain of Custody, Version 1.0 March 2015, p. 6.3.1 The legal owner shall implement the requirements of either: PEFC 2002:2013 Section 9: Social, Health and Safety requirements in CoC, Or FSC-STD-40-004 V2-1 EN Section 1.6: Occupational Health and Safety Or the latest versions of these documents.
Description of Non-conformance and Related Evidence:	
<p>Most of the contractors working at pellet production site at the moment of onsite inspection by auditor, did not use personal protection equipment, such as helmets and high visibility jackets. One of the interviewed contractors told auditor that he did not get any instructions in relation to H&S, prior to start working at the pellet production site.</p> <p>Большая часть подрядчиков, работавших на производственном участке на момент инспекции аудитора, не использовала средства индивидуальной защиты (такие, как сигнальный жилет и каска). Один из опрошенных подрядчиков сказал аудитору, что он не получал каких-либо инструкций по охране труда до начала работ на участке.</p>	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	H&S instruction for the visitors of Region-les production site / Инструкция-памятка по охране труда для посетителей и гостей, пребывающих на территории ООО «Регион-лес»

	<p>Addendum to contractor agreement, from 27.11.2020 / Форма дополнительного соглашения к договору подряда от 27.11.2020</p> <p>H&S instruction for staff members and/or contractors, from 27.11.2020 / Инструкция по охране труда для работников и/или представителей контрагентов от 27.11.2020</p> <p>Order appointing the staff members having the right to control implementation of H&S requirements by staff members and/or contractors, №188 from 27.11.2020 / Приказ об утверждении перечня сотрудников ООО «Регион-лес», имеющих право осуществлять контроль требований инструкции по охране труда для работников и/или представителей контрагентов №188 от 27.11.2020.</p>
<p>Findings for Evaluation of Evidence:</p>	<p>According to staff explanations and auditor observations onsite, violation of H&S requirements was made by contractors, but not by BP staff members.</p> <p>BP has analysed the root cause of the non-conformity and identified that although the requirement to meet the H&S requirements was initially included into contractors' agreements, specific H&S requirements which must be followed by contractors visiting and/or working at production site of Region-les have not been communicated to contractors.</p> <p>Therefore, BP has developed the addendum to contractor agreement, and additional H&S instruction for staff members and/or contractors. All contractors have signed addendums and became familiar (got training) with the additional H&S instruction.</p> <p>BP management has also appointed the staff members having the right to control implementation of H&S requirements by staff members and/or contractors.</p> <p>Monitoring of H&S is done by BP staff on a daily basis. In case if non-compliance with the instruction requirements (for example, lack of helmets and high visibility jackets) are observed, contractor will be proposed to start immediate use of PPE (BP has even purchased extra kits of PPE for such cases). Otherwise, contractor work would be stopped, and contractor would be moved away from the production site.</p> <p>On December 3, 2020, auditor has conducted the additional follow-up inspection of the production site. According to auditor observations, control over the H&S starts already at the entrance (checkpoint) to the production site, where the security guard proposes to any person (both contractor or staff member) entering the site to use the PPE. Otherwise, the access to production site is denied. During the onsite inspection by auditor it was confirmed that all contractors use the required PPE.</p> <p>Согласно пояснениям ответственных сотрудников и наблюдениям аудитора, несоблюдение правил охраны труда допускалось подрядчиками, но не работниками Организации.</p>

	<p>Организация проанализировала причины случившегося и выяснила, что несмотря на то, что требование о соблюдении правил по охране труда было изначально включено в договоры с подрядчиками, конкретные требования по охране труда и технике безопасности для представителей контрагентов, посещающих и/или осуществляющих работы в границах производственных территорий ООО «Регион-лес», не были до них доведены. В связи с этим были разработаны форма дополнительного соглашения к договору подряда, а также дополнительная Инструкция по охране труда для работников и/или представителей контрагентов.</p> <p>Все подрядчики подписали указанные дополнительные соглашения к своим договорам подряда, и были ознакомлены с новой Инструкцией по охране труда.</p> <p>Приказом руководителя Организации назначены конкретные сотрудники, имеющие право осуществлять контроль за соблюдением требований указанной Инструкции.</p> <p>Мониторинг соблюдения правил ОТ и ТБ осуществляется ежедневно. В случае обнаружения факта несоблюдения установленных правил (например, неиспользования сигнальных жилетов и касок), подрядчику будет предложено немедленно воспользоваться указанными средствами индивидуальной защиты (на этот случай Организация закупила дополнительные комплекты касок и сигнальных жилетов). В противном случае работа подрядчика будет приостановлена, а сам подрядчик будет удален с производственной площадки.</p> <p>3 декабря 2020 г. аудитор произвел дополнительную инспекцию производственной площадки. По наблюдениям аудитора, контроль за выполнением правил охраны труда начинается уже при въезде на КПП, где охрана предлагает любому человеку (неважно, сотруднику Организации, или подрядчику), попадающему на площадку, воспользоваться средствами индивидуальной защиты. В противном случае доступ на площадку запрещен. В ходе инспекции производственной площадки было также подтверждено, что все представители подрядчиков используют необходимые средства индивидуальной защиты.</p>
NC Status:	Closed

NC number 07/20	NC Grading: Minor
Standard & Requirement:	<p>SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data V.1.3 November 2020, p. 6.10.3</p> <p>To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system.</p> <p>Note: For transport by truck, train or flatboat the most important parameters are the distance and the capacity of the vehicle. It is usually enough to make a good estimate of the transport energy, based on proposed references by JRC and BioGrace. There is the option to record</p>

	fuel use for transport, but this is not mandatory. For (long distance) sea transport fuel usage data must be provided.
Description of Non-conformance and Related Evidence:	
<p>BP has reported in transport section of SAR that fossil diesel oil is used by the vessels. However, no robust evidence provided for that.</p> <p>Организация указала в транспортном разделе документа SAR, что судами (при транспортировке пеллет) используется ископаемое дизельное топливо. Весомых свидетельств этого Организация не предоставила.</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:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

List of observations (перечень наблюдений):

NC number 01/20	NC Grading: Observation
<p>Standard & Requirement:</p>	<p>SBP Instruction Document 2D: Demonstrating Compliance with the Netherlands SDE+ Sustainability Requirements for Biomass Categories 1 to 4, p. 1.7:</p> <p>The Group Manager shall implement all aspects of the SBP--approved Forest Management Group Scheme requirements as they relate to Management of Groups.</p> <p>Note: This requirement shall apply even if the Group Member is not a member of the SBP--approved Forest Management Group Scheme.</p> <p>SBP-approved Forest Management Scheme Group Scheme requirements are defined in: FSC – FSC-STD-30-005 (V1-1) EN. FSC STANDARD FOR GROUP ENTITIES IN FOREST MANAGEMENT GROUPS PEFC – PEFC ST 1002:2010. Group Forest Management Certification -- Requirements</p>
<p>Description of Non-conformance and Related Evidence:</p>	
<p>Group Manager has developed and implemented the separate documents (SBP group certification procedure, and Group members control and monitoring), which cover all aspects of FSC-STD-30-005 (V. 2-0). Maximum size of the forest management group is determined by the Group Manager as 15 Group Members. From practical point of view more importance for effective group management has not the amount of the Group Members but the amount of the Forest Management Units and their size.</p> <p>Менеджер Группы разработал и внедрил отдельные документы (Руководство по групповой сертификации и Положение о проведении проверок членов группы), которые охватывают все аспекты стандарта FSC-STD-30-005 (V. 2-0). Максимальный размер группы определен Менеджером Группы в количестве 15 Членов Группы. С практической точки зрения большую важность для эффективного управления группой представляет не количество Членов Группы, а количество управляемых лесных участков и их размер.</p>	
<p>Timeline for Conformance:</p>	<p>Other</p>
<p>Evidence Provided by Company to close NC:</p>	<p>-</p>
<p>Findings for Evaluation of Evidence:</p>	<p>-</p>
<p>NC Status:</p>	<p>Open</p>

NC number 02/20	NC Grading: Observation
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Standard & Requirement:	<p>SDE+ Principle 4: The use of biomass does not result in a long-term carbon debt</p> <p>Indicator 4.1 The forest management unit where the wood is sourced is managed with the aim of retaining or increasing carbon stocks in the medium or long term.</p>
Description of Non-conformance and Related Evidence:	
<p>It was explained by the Group Manager, that in general the aim of all sustainability indicators included into Instruction Document 2D is to retain or increase the carbon stocks. The only issue, which is missing, in Group Manager's opinion, is the sustainability of the annual harvest volumes i.e the aim of the forest management should strive to get the forest management unit, where during rotation period the forest manager will be harvesting approximately the same amount of timber, each year. Relevant vericator was developed by the Group Manager (4.1.1 Annual harvest volume shall not exceed the annual timber increment within the forest management units). It was furthermore confirmed by the Group Manager that actual annul harvest volumes do not exceed the annual timber increment for all Group Members. No comments have been received from stakeholders (neither by the Group Manager, nor by NEPCon) regarding the vericators proposed by the Group Manager for Indicator 4.1. Whereas auditor in general agrees with the Group Manager, direct consultations with the carbon experts regarding the proposed vericator could bring additional value.</p> <p>Менеджер Группы пояснил, что в целом целью индикаторов устойчивости, включенных в Инструкцию 2D, является сохранение или накопление запасов углерода. Единственное, что, на взгляд Менеджера Группы, упущено, это устойчивость ежегодных объемов заготовки древесины. Другими словами, лесное хозяйство на управляемом лесном участке должно привести к тому, чтобы с течение оборота рубки ежегодные объемы заготовки оставались примерно на одном уровне. Соответствующий верификатор был разработан Менеджером Группы (4.1.1 Ежегодный объем заготовки не превышает общий ежегодный прирост насаждений на управляемых лесных участках члена группы). Менеджер Группы также подтвердил, что действительный объем заготовки древесины у Членов Группы не превышает общий ежегодный прирост насаждений. От заинтересованных сторон не было получено комментариев (ни Менеджером Группы, ни NEPCon) в отношении верификаторов, предложенных Менеджером Группы для Индикатора 4.1. В то время, как аудитор в целом согласен с Менеджером Группы, прямые консультации с экспертами по углеродному следу в отношении предложенного верификатора могли бы принести дополнительную ценность.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 03/20	NC Grading: Observation
Standard & Requirement:	SDE+ Principle 4: The use of biomass does not result in a long-term carbon debt

	Indicator 4.3 On average less than half the volume of the annual round wood harvest from forests is processed as biomass for energy generation. Note: Round wood from production forests with a rotation period of less than 40 years is exempt from this requirement.
Description of Non-conformance and Related Evidence:	
<p>Review of the records on actual harvest in the reporting period, and actual feedstock delivery to pellet plant in Arkhangelsk confirmed, that the share of roundwood delivered to pellet plant, from the total volume of the harvested timber is less than 50% for all Group Members, and is 15% in average.</p> <p>During the assessment, Group Members informed auditor that some amount of the roundwood is sold as a firewood to the local communities and organisations. The amount is insignificant, compared to the actual total harvest volumes by the Group Members, but still this wood is used for energy/heat generation, and it was not considered in the analysis provided by the Group Manager.</p> <p>Проверка записей об объемах заготовки в отчетном периоде, и фактических объемах сырья, доставленного на завод в Архангельск, подтвердила, что доля круглого леса, доставленного на завод, составляет менее 50% от общего объема заготовки для всех Членов Группы, в среднем по группе составляя 15%.</p> <p>Во время оценки Члены Группы сообщили аудитору, что некоторая часть заготовленной древесины продается в виде дров местному населению и организациям. Количество продаваемых дров незначительно, в сравнении с общими объемами древесины, заготавливаемыми Членами Группы. Но тем не менее, эта древесина используется для получения тепловой энергии, и она не была учтена Менеджером Группы в предоставленном расчете.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 04/20	NC Grading: Observation
Standard & Requirement:	<p>SDE+ Principle 7: Biodiversity is maintained and where possible enhanced</p> <p>Indicator 7.5 Exploitation of non-timber forest products, including products from hunting and fishing, is regulated, monitored and controlled, among others to safeguard the maintenance of the biodiversity in the forests.</p>
Description of Non-conformance and Related Evidence:	
<p>The forest concession agreements signed by Group Members with the State, allow conducting only timber harvesting. Exploitation of NTFP is not the subject of the agreements. Group Members furthermore don't have legal rights to control such activities implemented by any third party. To address this gap, Group Members have concluded the agreements with local hunting/fishing authorities to inform them about any suspicious activities noticed in the forests; Group Members can also help with transporting the representatives of the authorities in the FMUs. During one of the field inspections auditor met the local</p>	

hunter, who told that the pressure on the game species is overall quite strong, and besides of natural reasons (for example wolfs and bears hunting the moose) it is influenced by quite wide-scale hunting by people coming not from local villages, but from the other towns, including even Moscow. It is however unclear if such huntings are legal or not. Auditor sees the opportunity for improvement in more tight cooperation of the Group Members with the local hunting inspections.

Договоры аренды участков лесного фонда Членов Группы предусматривают только заготовку древесины. Использование недревесных лесных продуктов не включено в них. Поэтому Члены Группы не имеют права контролировать подобного рода деятельность, осуществляемую третьими лицами. Чтобы устранить этот пробел. Членами Группы заключены соглашения с местными органами контроля за охотой и рыбной ловлей, согласно которым они будут информироваться обо всей подозрительной деятельности в лесу. Члены Группы могут также помочь с доставкой представителей этих органов контроля в лес. Во время одной из полевых инспекций аудитор повстречался с местным охотником, который сказал, что влияние на охотничьи виды в целом является довольно сильным. Кроме природных причин (например волков и медведей, охотящихся на лосей), также достаточно распространена охота не представителей местного населения, но и жителей других городов, включая даже Москву. Однако неясно, является ли эта охота законной, или нет. Аудитор видит возможность улучшения в более тесном сотрудничестве Членов Группы с местными органами контроля за охотой.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 05/20	NC Grading: Observation
Standard & Requirement:	<p>SDE+ Principle 9: The production capacity for wood products and relevant non-timber forest products is maintained in order to safeguard the future of the forests</p> <p>Indicator 9.1 The production capacity of all forest types represented in the forest management unit is maintained.</p>
Description of Non-conformance and Related Evidence:	
<p>A single case was observed by auditor, when the thinning in the young naturally regenerated forest stand was conducted using the corridor method, instead of method when the trees are removed evenly over the whole territory. Corridor method is mostly applicable for artificially reforested sites, where the trees are planted in rows.</p> <p>В одном случае аудитор посетил участок, где осветление было проведено коридорным методом в естественно восстановившемся молодняке, вместо метода выборки деревьев равномерно по площади. Коридорный метод в целом применим для искусственно восстановленных молодняков, где деревья посажены рядами.</p>	
Timeline for Conformance:	Other

Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-

NC number 06/20	NC Grading: Observation
Standard & Requirement:	<p>SDE+ Principle 9: The production capacity for wood products and relevant non-timber forest products is maintained in order to safeguard the future of the forests</p> <p>Indicator 9.2 The forest management unit is sufficiently protected against all forms of illegal exploitation of timber and non-timber forest products, including hunting and fishing, illegal establishment of settlements, illegal land use, illegally initiated fires and any other illegal activities.</p>
Description of Non-conformance and Related Evidence:	
<p>The forest concession agreements signed by Group Members with the State, allow conducting only timber harvesting. Exploitation of NTFP is not the subject of the agreements. Group Members furthermore don't have legal rights to control such activities implemented by any third party. To address this gap, Group Members have concluded the agreements with local hunting/fishing authorities to inform them about any suspicious activities noticed in the forests; Group Members can also help with transporting the representatives of the authorities in the FMUs. During one of the field inspections auditor met the local hunter, who told that the pressure on the game species is overall quite strong, and besides of natural reasons (for example wolfs and bears hunting the moose) it is influenced by quite wide-scale hunting by people coming not from local villages, but from the other towns, including even Moscow. It is however unclear if such huntings are legal or not. Auditor sees the opportunity for improvement in more tight cooperation of the Group Members with the local hunting inspections.</p> <p>Договоры аренды участков лесного фонда Членов Группы предусматривают только заготовку древесины. Использование недревесных лесных продуктов не включено в них. Поэтому Члены Группы не имеют права контролировать подобного рода деятельность, осуществляемую третьими лицами. Чтобы устранить этот пробел. Членами Группы заключены соглашения с местными органами контроля за охотой и рыбной ловлей, согласно которым они будут информироваться обо всей подозрительной деятельности в лесу. Члены Группы могут также помочь с доставкой представителей этих органов контроля в лес. Во время одной из полевых инспекций аудитор повстречался с местным охотником, который сказал, что влияние на охотничьи виды в целом является довольно сильным. Кроме природных причин (например волков и медведей, охотящихся на лосей), также достаточно распространена охота не представителей местного населения, но и жителей других городов, включая даже Москву. Однако неясно, является ли эта охота законной, или нет. Аудитор видит возможность улучшения в более тесном сотрудничестве Членов Группы с местными органами контроля за охотой.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-

Findings for Evaluation of Evidence:	-
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NC number 07/20	NC Grading: Observation
Standard & Requirement:	<p>SBP Framework Standard 4: Chain of Custody, Version 1.0 March 2015, p. 6.3.2</p> <p>The legal owner shall determine and implement effective arrangements against corruption, proportionate to the nature and the scale of organisation.</p>
Description of Non-conformance and Related Evidence:	
<p>Anticorruption Policy has been developed by Organisation and implemented/signed off by Director General (18/11/2019). During the interviews auditor could see that not all staff members are fully aware of the content of the Policy.</p> <p>Антикоррупционная Политика была разработана Организацией и утверждена руководством 18.11.2019. При опросе персонала было видно, что не все сотрудники полностью знакомы с содержанием этой Политики.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-

NC number 08/20	NC Grading: Observation
Standard & Requirement:	<p>SBP Instruction Document 5E: Collection and Communication of Energy and Carbon Data V.1.3 November 2020, p. 6.10.3</p> <p>To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system.</p> <p>Note: For transport by truck, train or flatboat the most important parameters are the distance and the capacity of the vehicle. It is usually enough to make a good estimate of the transport energy, based on proposed references by JRC and BioGrace. There is the option to record fuel use for transport, but this is not mandatory. For (long distance) sea transport fuel usage data must be provided.</p>
Description of Non-conformance and Related Evidence:	
<p>BP has reported in transport section of SAR that transport (vessel) capacity for all SDIs (22 destination points in Europe are included) is always 6500 tones. The estimation is based on the analysis done by BP, on what kind of vessel (displacement) could come to Arkhangelsk harbour. No other evidence provided</p>	

vessels capacity. Auditor considers that BP should use more conservative values to estimate the vessels displacement.

Организация указала в транспортном разделе документа SAR, что вместимость судов для всех SDI (в SAR включены 22 точки доставки) всегда составляет 6500 тонн. Это основано на анализе Организацией того, какой вместимости суда могут зайти в порт Архангельск. Каких-либо других свидетельств представлено не было. Аудитор считает, что Организации следует использовать более консервативные данные для оценки вместимости судов.

Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-

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 (all parts except ID2D), Girts Karss (ID2D)
Date of decision:	30/Dec/2020
Other comments:	<i>Click or tap here to enter text.</i>