



# NEPCon OÜ Evaluation of Novoyeniseiskiy Wood Chemical Complex JC 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 1.5

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)*

## *Document history*

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# 1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Nikolai Tochilov
Audit team members:	-
Name of the Company:	Novoyeniseiskiy Wood Chemical Complex JC
Company legal address:	40 Let Oktyabrya, 1, 662546 Lesosibirsk, Krasnojarsk region, Russia
Company contact for SBP:	Olga Kirshina
Company contact email:	kirshinaog@novo-lhk.ru
Company website:	N/A
SBP Certificate Code:	SBP-08-47
Date of certificate issue:	28 Jul 2021
Date of certificate expiry:	27 Jul 2026
Audit closing meeting date:	24 Jul 2021
Audit cycle:	Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
<b>Primary Activity:</b>	Biomass Producer	<input type="checkbox"/>
<b>Approved Standards:</b>	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4	<input type="checkbox"/>
<b>Includes Supply Base Evaluation (SBE):</b>	No	<input type="checkbox"/>
<b>Includes communication of Dynamic Batch Sustainability Data (DBSD)</b>	Yes	<input type="checkbox"/>
<b>Includes Group Scheme</b>	No	<input type="checkbox"/>
<b>Products</b>	Pellets	<input type="checkbox"/>

<b>Feedstock types:</b>	Secondary	<input type="checkbox"/>
<b>Feedstock origin (countries):</b>	Russia	<input type="checkbox"/>
<b>SBP-endorsed Regional Risk Assessments used:</b>	Not applicable	<input type="checkbox"/>
<b>Public link:</b> <a href="https://sbp-cert.org/documents/standards-documents/risk-assessments/">https://sbp-cert.org/documents/standards-documents/risk-assessments/</a>		<input type="checkbox"/>
<b>Chain of custody system implemented:</b>	PEFC: NC-PEFC/COC-023989 NC-COC-023989	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

## 2.1 Description of the company

Organisation is a primary (sawmilling) and secondary (fibreboard, wood pellets) manufacturer located in Lesosibirsk, Krasnoyarsk region. Residues generated during sawmilling (secondary feedstock - sawdust, wood chips) are used as input material in pellet production. Pellet plant was commissioned in 2010, with annual production capacity of 60000 MT. All roundwood (sawlogs) for the primary manufacturing originates from the forest management units taken by Organisation in concession in Krasnoyarsk region, and covered with PEFC forest management certification NC-PEFC/FM-023989. Potentially, Organisation may purchase sawlogs for the sawmilling from two neighboring companies with FSC 100% claim. Wood residues from the Organisation's sawmilling facilities are transported to the pellet plant by trucks (internal transportation within one production site). Wood pellets may be transported to customer by railway, in big bags (wagons or containers) and bulk (containers) to different end points in Russia.

## 2.2 Detailed description of the Chain of Custody system

Organisation holds valid PEFC CoC and FSC CoC certificates, both covering the primary (sawmilling) and secondary (pellet production) manufacturing. In both cases transfer system (physical separation system) of claims is implemented. Respectively, only 100% PEFC certified and FSC 100% certified wood material is used in primary and secondary manufacturing, physically separate from each other (this will be achieved by processing the PEFC and FSC wood materials in different time periods and in different batches. Non-certified wood material is not used in manufacturing (some amount of non-certified wood chips is purchased by Organisation in the winter time, but its used only as biofuels in boiler providing heat to the drying chambers at sawmill and to the fiberboard production site). For SBP certification, PEFC system is chosen as a basis.

### 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.

## 4 Evaluation process

### 4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
<b>Activity</b>	<b>Auditors</b>	<b>Auditor hours</b>
1. Preparation	Nikolai Tochilov	4,0
2. On-site (excl. travel time)	Nikolai Tochilov	13,5
3. Report writing	Nikolai Tochilov	5,0
4. Other	N/A	N/A

<b>Audit Schedule</b>			
<b>Activity</b>	<b>Location</b>	<b>Auditor name</b>	<b>Date/time</b>
<i>Stakeholder consultation process</i>	Desk-based	Nikolai Tochilov	18 Jun 2021/08:00
<i>End of stakeholder consultation process</i>	Desk-based	Nikolai Tochilov	18 Jul 2021/08:00
<i>Review of SBP Procedure, SBR, SAR and energy use data calculations</i>	Desk-based	Nikolai Tochilov	23 Jul 2021/09:00



<i>Opening meeting</i>	BP's office in Lesosibirsk	Nikolai Tochilov	23 Jul 2021/14:00
<i>Review of Supply Base, Management and Monitoring system</i>	BP's office in Lesosibirsk	Nikolai Tochilov	23 Jul 2021/14:30
<i>Review of the primary data on electricity and diesel consumption</i>	BP's office in Lesosibirsk	Nikolai Tochilov	23 Jul 2021/15:30
<i>Radix; Payment of taxes; H&amp;S</i>	BP's office in Lesosibirsk	Nikolai Tochilov	23 Jul 2021/16:30
<i>End of the day</i>	BP's office in Lesosibirsk	Nikolai Tochilov	23 Jul 2021/17:00
<i>Analysis of CoC critical control points (PEFC and FSC)</i>	BP's office in Lesosibirsk	Nikolai Tochilov	24 Jul 2021/08:30
<i>Onsite inspection of the production facilities</i>	Production site in Lesosibirsk	Nikolai Tochilov	24 Jul 2021/09:00
<i>Review of the energy use data, including SAR</i>	BP's office in Lesosibirsk	Nikolai Tochilov	24 Jul 2021/10:00
<i>Closing meeting</i>	BP's office in Lesosibirsk	Nikolai Tochilov	24 Jul 2021/13:45
<i>End of evaluation</i>	BP's office in Lesosibirsk	Nikolai Tochilov	24 Jul 2021/14:00

Auditor name	Role	Qualification
Nikolai Tochilov	Audit team leader	NEPCon International Senior Auditor. In 2015 he successfully passed SBP auditor training in Tallinn, Estonia. Since that time he has conducted more than 50 SBP assessments and annual audits for biomass producers and traders in Russia, Belarus, Latvia, Portugal, Netherlands, Belgium, Germany and Vietnam.

## 4.2 Description of evaluation activities

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 CoC system and PEFC system control points as well as GHG data availability.

All SBP related documentation connected to the SBP as well as PEFC CoC system of the organization, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and PEFC system description was provided by the company prior to the onsite assessment, so auditor had app. half of the working day to get well prepared for it. The assessment started with an opening meeting attended by the Organization's management and staff members.

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

After that auditor went through all applicable requirements of the SBP standards nr. 2, 4, 5 and instruction document 5E covering input clarification, existing chain of custody system implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and it's classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales, emission and energy data and categorization 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 PEFC and FSC systems critical control points were analyzed.

At the end of the assessment, findings were summarized and conclusions based on use of 3 angle evaluation method were provided to the SBP responsible person.

### 4.3 Sampling methodology

Staff interviews: the key staff involved in SBP certification was interviewed during the assessment. Onsite inspection: during onsite inspection, auditor went through the whole production, starting with feedstock delivery to the pellet plant and ending with the storage of the biomass and its shipping to customers.

Documents review: auditor has verified records related to feedstock input and biomass output; moisture measurements; electricity and diesel consumption. Special attention was paid to justification of conversion factor for pellet production, established by Organisation annually.

### 4.4 CB stakeholder engagement

The stakeholder consultation was carried out on June 18, 2021 by sending direct email to different stakeholder categories. 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.

### 4.5 Stakeholder feedback

There was one comment received from stakeholder regarding the Organisation. Stakeholder knows the location of Organisation's Supply Base in Krasnoyarsk region, and informed the Certification Body that PEFC-certified forest management units (rented by Organisation) overlap partly with three actual special protective areas of the regional importance - in Eniseyskoye and Teryanskoye State Forest Management Organisations (Lesnichestvo).

This issue was discussed with Organisation's staff members and partial overlapping was confirmed by them. It was confirmed with the documents (forest management plan etc.) that the Organisation does not implement ANY management activities within such overlapping sites. Meaning that the priority is always given to the protective status of these areas.

## 5 Results

### 5.1 Main strengths and weaknesses

Strengths: use of the transfer system of CoC claims; only 100% PEFC certified, and FSC 100% secondary feedstock is sourced by pellet plant; non-certified feedstock is not accepted. Effective recordkeeping system. Small number of the management staff involved in SBP certification, and clearly designated responsibilities within the staff members.

Weaknesses: please see NCR 01/21.

### 5.2 Rigour of Supply Base Evaluation

not applicable.

### 5.3 Collection and communication of data

All steps where energy use occurs are included in the management system. The following energy sources are used by BP: electricity for pellet production; biofuel for drying the feedstock; diesel for feedstock delivery and handling; diesel for biomass handling, shipping and transportation to customer; electricity for biomass transportation to customer.

### 5.4 Competency of involved personnel

Overall, BP staff showed a good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved in SBP certification:

- SBP responsible (chief technologist) – is responsible for implementation of the most part of applicable SBP requirements, including CoC; SBP procedures and systems monitoring and updates; staff training; SAR; SBR and feedstock origin; registration of the amount of feedstock and biofuels consumed by pellet plant.
- Deputy director general on sales is responsible for registration of SBP biomass sales in DTS, and for collection of the information on biomass LHV.
- Chief of the pellet production is responsible for registration of the amount of produced biomass, and for measurement and registration of feedstock, biofuels and biomass moisture values.
- Assistant of CEO is responsible for SBP TM use.
- Chief power engineer is responsible for registration of electricity consumption by pellet plant.
- Chief of the transport department is responsible for registration of diesel consumption by vehicles (loaders) working at the pellet plant.

H&S expert is responsible for the H&S.

## 6 Review of company's risk assessments

### 6.1 Overview of company's risk assessments and mitigation measures

not applicable.

### 6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

## 7 Non-conformities and observations

<b>NC number NC-000504 (01/21)</b>	<b>NC Grading: Minor</b>
<b>Standard:</b>	SBP Standard 4: Chain of Custody
<b>Requirement:</b>	6.1.4 SBP certificate holders shall comply with all trade and customs requirements including payment of any fees and duties.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Organisation confirmed that they have pending debts on tax payments for the period from 3rd quarter of 2019 to the 1st quarter of 2020 in amount of 158 mln. RUR. Its was agreed with the business partners and approved by the Court (case # A33-10043-133/2020) that these debts will be paid by Lesosibirskiy LDK 1 by August 17, 2021. Non-conformity considered as minor, because the problem of debt on tax payment has been resolved, however shorter timeline for addressing the non-conformity is established.</p>	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	N/A
<b>Findings for Evaluation of Evidence:</b>	N/A
<b>NC Status:</b>	Open

<b>NC number NC-000505 (01/21)</b>	<b>NC Grading: Observation</b>
<b>Standard:</b>	SBP Standard 4: Chain of Custody
<b>Requirement:</b>	5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Feedstock amount used in pellet production was not measured during the previous reporting period. From</p>	

now, the amount of feedstock is measured by the number truck deliveries to the pellet plant wood yard. BP is recommended to measure the amount of the feedstock supplied to production, in order to be able to justify the mass of the feedstock used in production for the next reporting period.

<b>Timeline for Conformance:</b>	N/A
<b>Evidence Provided by Company to close NC:</b>	N/A
<b>Findings for Evaluation of Evidence:</b>	N/A
<b>NC Status:</b>	N/A



## 8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Ondrej Tarabus
<b>Date of decision:</b>	27 Jul 2021
<b>Other comments:</b>	N/A