



NEPCon OÜ Evaluation of Luzales LLC (Kydzyavidz) Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

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

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:	Luzales LLC (Kydzyavidz)
Company legal address:	8, 1-ya Promyshlennaya str., 167981 Syktyvkar, Komi Republic, Russia
Company contact for SBP:	Valentin Rozhok
Company contact email:	luzales@mail.ru
Company website:	N/A
SBP Certificate Code:	SBP-01-98
Date of certificate issue:	05 Jun 2018
Date of certificate expiry:	04 Jun 2023
Audit closing meeting date:	01 May 2021
Audit cycle:	Third Surveillance 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)
Primary Activity:	Biomass Producer	<input type="checkbox"/>
Approved Standards:	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"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Secondary	<input type="checkbox"/>
Feedstock origin (countries):	Russia	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used:	Not applicable	<input type="checkbox"/>
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		<input type="checkbox"/>
Chain of custody system implemented:	FSC: FC-COC-643605	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

2.1 Description of the company

Organisation is one of the largest wood processing companies in Russia, having primary (sawmilling) and secondary (pellet production) processing facilities in Kyzdyavidz settlement and in Syktyvkar (Komi Republic, Russia). This certification covers the pellet plant in Kyzdyavidz settlement, with the total annual production capacity of 25 000 tones. Company runs both pellet and lumber production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Sawdust is used in pellet production; bark and wood chips are used for heating in boiler. No feedstock is sourced from external suppliers. The round wood used at lumber production line (logs for primary production) originates from the Arkhangelsk region and Komi Republic and has FSC 100% claim. The BP has implemented FSC transfer system and all amount of produced biomass is sold with FSC 100% (SBP-compliant biomass) claim. The biomass leaving the pellet plant may be transported to customer by different routes and different means of transport. Pellet plant was commissioned in January 2018.

2.2 Detailed description of the Chain of Custody system

BP holds valid FSC CoC certificate

<https://info.fsc.org/details.php?id=a0240000005sTseAAE&type=certificate> covering both sawmill and pellet production. Only secondary feedstock (sawdust) with FSC 100% claim from Organisation's sawmill located at the same production site is used for pellet production and FSC transfer system of claims is implemented (all pellets have FSC 100% claim). Non-certified feedstock is not accepted.

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>		
Activity	Auditors	Auditor hours
1. Preparation	Nikolai Tochilov	0,5
2. On-site (excl. travel time)	Nikolai Tochilov	10,0
3. Report writing	Nikolai Tochilov	8,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/09:30
<i>Review of CoC critical control points</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/10:00
<i>Review of the Supply Base and SBR</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/11:00
<i>Management and monitoring system</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/13:00

<i>Compliance with legal requirements, H&S</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/14:00
<i>DDS and tax payment</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/14:30
<i>Energy use data review/SAR</i>	Head office in Syktyvkat	Nikolai Tochilov	28 Apr 2021/15:00
<i>End of the day</i>	Head office in Syktyvkar	Nikolai Tochilov	28 Apr 2021/17:00
<i>Opening meeting with pellet plant staff</i>	Pellet plant in Kyddyavidz settlement	Nikolai Tochilov	29 Apr 2021/12:00
<i>H&S briefing training for auditor</i>	Pellet plant in Kyddyavidz settlement	Nikolai Tochilov	29 Apr 2021/12:15
<i>Inspection of pellet production</i>	Pellet plant in Kyddyavidz settlement	Nikolai Tochilov	29 Apr 2021/12:30
<i>Closing meeting</i>	Head office in Syktyvkar	Nikolai Tochilov	01 May 2021/14:30
<i>End of evaluation</i>	Head office in Syktyvkar	Nikolai Tochilov	01 May 2021/14:45

Auditor qualification

Auditor name	Role	Qualification
Nikolai Tochilov	Audit team leader	NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 50 SBP assessments and annual audits in Russia, Europe and Asia.

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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 FSC system and FSC system control points as well as GHG data availability.

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company at the beginning of the audit, which started with an opening meeting attended by the representatives from Organisation's management and staff.

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

4.3 Sampling methodology

Staff interviews: the key staff involved in SBP certification was interviewed during the audit. 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 all 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 the Organisation.

4.4 CB stakeholder engagement

Not applicable for annual audit.

4.5 Stakeholder feedback

No comments have been received prior to, during or after this annual audit.

5 Results

5.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% secondary feedstock is sourced; non-certified feedstock is not accepted. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: no weaknesses identified during this audit.

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

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 and shipping ; diesel and electricity for biomass transportation to customer. Diesel consumption value by vehicles (front-end loader, forklift loader) is based on combination of actual measurements and engineering calculations. Electricity consumption by pellet plant is based on readings obtained from installed electric meters, as well as on the results of engineering calculations (for the boiler providing heat to the dryer).

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities, during the audit overall responsible person described the role of each involved staff member in detail. The following staff members are involved in SBP certification: SBP responsible (management and monitoring system, SBR, determination of the amount of feedstock and biofuel used in pellet production, determination of the amount of produced biomass, determination of feedstock, biofuel and biomass moisture value); deputy chief of the planning department (justification of diesel consumption); chief power engineer (electricity consumption, fuel consumption and energy production by boiler); deputy commercial director (information on new transportation routs); accountant (invoices, DTS, compliance with tax legislation); director general (compliance with anticorruption legislation); H&S engineer (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

NC number NC-000292 (01/20)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	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.
Description of Non-conformance and Related Evidence:	
<p>Until this audit, BP did not undertake any actual measurements of the amount of feedstock inputs for pellet production. BP from time to time updates the conversion factor based on reverse calculation. I.e., knowing the amount of produced biomass and its average moisture, as well as the average moisture of the feedstock inputs used in pellet production, BP calculates the amount of feedstock which would be needed to produce that amount of biomass. This approach is theoretical (engineering) and does not allow to evaluate effectively the mass balance (inputs and outputs). Considering the fact that all feedstock comes from own sawmill (no external supplies are accepted) and the conversion factor is regularly updated, this non-conformity considered as minor.</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:	Calculations on feedstock delivery to the pellet plant.
Findings for Evaluation of Evidence:	<p>Since the new reporting period, Organisation has started to register the amount of buckets with the feedstock (sawdust) delivered to pellet plant by front-end loader. Total amount of the buckets delivered in the reporting period, as well as the capacity of the bucket (in bulk m3) is known. Organisation uses factor 0,34 to convert bulk m3 to solid m3. Moisture value for the feedstock was measured 2 times per day, and Organisation has calculated the average moisture value for the feedstock in the reporting period. The only tree species used in pellet production was spruce. Having this information, Organisation has converted solid m3 to metric tones. Engineering calculation undertaken by auditor showed that in the reporting period Organisation, according to their data, has consumed 2,2% of the feedstock lesser than it would be required according to engineering calculations, which is acceptable.</p>
NC Status:	Closed

NC number NC-000293 (02/20)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	6.9.4 If a conventional boiler is used then the following data must be recorded in Table 3.3.c and validated by the CB: - Share of fossil fuel used; - Total heat output that is effectively recuperated and used in an application during reporting period; - Total heat output that is used in drying during reporting period; and - How has this data been calculated (e.g. metered data, theoretical calculation based on specific consumption of installed machinery).
Description of Non-conformance and Related Evidence:	
Conventional boiler provides heat to the pellet plant, as well as to Organisation's sawmilling facilities. Total heat output that is effectively recuperated and used in an application during reporting period is not reported in SAR.	
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:	SAR
Findings for Evaluation of Evidence:	SAR provided to auditor during this audit, includes information on the total heat output that was effectively recuperated and used in an application during the reporting period.
NC Status:	Closed

NC number NC-000294 (03/20)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	6.8.3 In all cases, the BP shall provide full information on power generation and use to the CB, and this shall be reported in the SAR. The metered values used for reporting shall cover not only the biomass production process but also non-biomass related process lines (for example, sawmill or other production facilities).
Description of Non-conformance and Related Evidence:	

<p>Organisation included in SAR the electricity consumption value by pellet plant (there are 3 separate electric meters installed). Conventional boiler provides heat to the pellet plant, as well as to Organisation's sawmilling facilities, but the relevant share of electricity consumed by conventional boiler is not included into calculation of total electricity consumption value in SAR.</p>	
<p>Timeline for Conformance:</p>	<p>By the next surveillance audit, but no later than 12 months from report finalisation date</p>
<p>Evidence Provided by Company to close NC:</p>	<p>SAR, engineering calculations</p>
<p>Findings for Evaluation of Evidence:</p>	<p>Total electricity consumption value reported in SAR includes the relevant share of electricity consumed by conventional boiler during the reporting period. This was confirmed with the engineering calculations provided by BP.</p>
<p>NC Status:</p>	<p>Closed</p>

8 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):	Pilar Gorriá Serrano
Date of decision:	13 Sep 2021
Other comments:	N/A