

# NEPCon Evaluation of PromLesTrade LLC 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 1.4

*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*

*Version 1.0: published 26 March 2015*

*Version 1.1: published 30 January 2018*

*Version 1.2: published 4 April 2018*

*Version 1.3: published 10 May 2018*

*Version 1.4: published 16 August 2018*

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# 1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382

Current report completion date: 23/Jan/2020

Report authors: : Nikolai Tochilov

Name of the Company: PromLesTrade LLC

Company contact for SBP: Yuliya Bezrukih, certification responsible. Legal address: Bezbokova 7/1, pom. 1, Irkutsk 664056, Russia. Production site address: Pugacheva str.,37, Magistralniy, Kazachinskoye district, Irkutsk region, Russia, 666505, tel.: +7-395-624-02-29, uukkaa@mail.ru

Certified Supply Base: Russia, Irkutsk region

SBP Certificate Code: SBP-01-63

Date of certificate issue: 28/Mar/2017

Date of certificate expiry: 27/Mar/2022

This report relates to the Third Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Magistralniy, Irkutsk region, Russia, for use in energy production, and its transportation by railway to Avtovo harbour, Noviy Port harbor, Ust-Luga harbor or any other harbor or railway station in Russia. The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

### 3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;
- Assess compliance against Instruction Document 5D: Dynamic Batch Sustainability Data v1.1

## 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

BP is a wood processing company located in Irkutsk region, Russia. Total annual production capacity of pellet plant is 30 000 tones.

Only secondary feedstock with FSC 100% claim is used for FSC/SBP certified pellet production. Bark and wood chips are used for dryer. Company runs both pellet and lumber production, which supplies secondary feedstock with FSC 100% claim to the pellet plant.

FSC transfer system of claims is implemented for pellet production (all pellets have FSC 100% claim).

The final product is transported by train to harbours in S.Petersburg and Leningrad region on FCA delivery conditions of Incoterms.

### 5.2 Description of Company's Supply Base

Supply base is located in Kirensky (4 258 352 ha) and in Kazachinsko-Lensky (3 276 904 ha) districts of Irkutsk region.

#### ***Irkutsk region***

Supply base of LLC "PromLesTpade" is located in Irkutsk region in a Central Siberian taiga forest plateau – forest areas of Angara region.

The districts of low-disturbed forest areas and HCVF of different types are allocated on the territory of supply base. LLC "PromLesTpade" doesn't carry out any harvesting in HCVF and doesn't buy such wood from any other suppliers.

LLC "PromLesTpade" harvests only Scots Pine and Siberian Larch. These tree species are not included in CITES or IUCN.

The main supplier of round wood for wood processing in LLC "PromLesTpade" is the LLC "Nebel-Les" that is certified to FSC management system. The plant LLC "PromLesTpade" itself is certified to FSC Chain of Custody system. Further, round wood is coming to the plant both from the forest areas leased by LLC "Nebel-Les" with term of leasing of 49 years and total area of 247801 ha. Certified timber, wood chips and sawdust are also purchased from third-party suppliers.

In the forest areas leased by LLC "Nebel-Les" prevails on the average 3-4 bonitet. For the harvesting on forest areas hereof it is used the most appropriate approach to the organization of clear cutting, i.e. in 60% of cases of small-scale cutting (cutting area are small-scale, not exceeding 20 hectares), after which reforestation activities are carried out. Promotion of natural regeneration is carried out on 20% of the territory, sowing and planting on 80%.



Based on the analysis, in order to meet the requirements of Russian national FSC standard, in LLC "Nebel-Les" a transition plan was developed to switch over from large-scale clear-cutting with an area of more than 30 hectares to small-scale cutting for the period of 2014-2019 in intact forests. Small cutting areas are used fully (100%) in Kazachinsk-Lensk region. Also, the company is actively pursuing thinning on all forest areas in accordance with the forest management projects.

SBP group of products used in the production of pellets is 100% SBP-compliant secondary feedstock. Woodworking residues in LLC "PromLesTrade" have only FSC 100%. Species used in the production - Scots pine (*Pinus sylvestris*) - 80%, Siberian larch (*Larix sibirica*) - 20%.

### 5.3 Detailed description of Supply Base

Total Supply Base area (ha):	7535256 ha
Tenure by type (ha):	public 7535256 ha
Forest by type (ha):	boreal 7535256 ha
Forest by management type (ha):	managed natural 7535256 ha
Certified forest by scheme (ha):	2 440 970,68 ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available in company's profile at SBP homepage <https://sbp-cert.org/certificate-holders/eurasia-lesprom-group-llc-sbp-01-63/>

### 5.4 Chain of Custody system

BP is a pellet producer situated in Magistralniy, Irkutsk region, Russia. BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000jTDNNAA4&type=certificate> covering both sawmill and pellet production. Only secondary feedstock (sawdust and wood chips) 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). Some share of FSC-certified sawdust is also purchased from the neighbouring FSC-certified sawmills.

Non-certified feedstock is not processed, neither used in dryer.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

Onsite audit was conducted on November 19, 2019 (8, h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	19/11/2019 08.30-08.45
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	19/11/2019 08.45-12.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	19/11/2019 12.00-15.45
Chain of custody review (site tour); staff interview	Production facilities	19/11/2019 15.45-16.45
Closing meeting	Office	19/11/2019 16.45-17.00

### 6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
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 40 SBP assessments and annual audits in Russia and Europe.

The evaluation visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the audit evaluation:

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

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 approval related issues.

After that auditor went through all applicable requirements of the SBP standards nr. 2, 4, 5 and instruction documents 5a-5d 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 audit, findings were summarised and audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

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## 6.3 Process for consultation with stakeholders

No stakeholder consultations conducted prior to, during or after this audit.

## 7 Results

### 7.1 Main strengths and weaknesses

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

Weaknesses: no weaknesses identified during this audit. One major non-conformity was identified in implementation of FSC CoC system, but it was successfully addressed by Organisation prior to report finalization (please see Section 10 below for details).

### 7.2 Rigour of Supply Base Evaluation

Not applicable.

### 7.3 Collection and Communication of Data

The following energy sources are used by BP: electricity for pellet production, biofuel (wood chips and barks) for dryer; diesel for feedstock delivery and handling; diesel for biomass shipping and transport to customer; electricity for biomass transport to customer. All energy use data (except biomass transportation by railway) is based on actual consumption values registered by BP.

### 7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: SBP certification responsible, energy specialist, operators, declarant, dispatcher, chief accountant, economist, H&S engineer. Interviewed staff was well familiar with their responsibilities.

### 7.5 Stakeholder feedback

No stakeholder consultations conducted prior to, during or after this audit.

### 7.6 Preconditions

None.

## 8 Review of Company's Risk Assessments

Not applicable.

## 9 Review of Company's mitigation measures

Not applicable.

## 10 Non-conformities and observations

Previous annual audit:

<b>NC number</b> 01/19	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	SBP Standard # 2 requirement 2.8
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Supply Base Report has been made publicly available at BP's homepage. But there is a number of mistakes identified in Supply Base Report on homepage:</p> <ul style="list-style-type: none"> <li>-Section 2.5 f - total volume of feedstock is incorrectly: 28 682.32 solid m3 instead 46 257.64 solid m3;</li> <li>-Section 13.4 - actual figures for feedstock over the previous 12 months is incorrectly: 28 682.32 solid m3 instead 46 257.64 solid m3;</li> <li>-Section 13.5 - projected figures for feedstock over the next 12 months is incorrectly: 30 000 solid m3 instead 50 000 solid m3.</li> </ul> <p>Отчет о ресурсной базе размещен на сайте организации. Однако отчете о ресурсной базе на сайте отмечен ряд ошибок:</p> <ul style="list-style-type: none"> <li>- в разделе 2.5 f. ошибочно указан общий объём сырья: 28 682.32 пл. м3 вместо 46 257.64 пл. м3;</li> <li>- в разделе 13.4 ошибочно указан общий актуальные данные по сырью за последние 12 месяцев: 28 682.32 пл. м3 вместо 46 257.64 пл. м3</li> <li>- в разделе 13.5 ошибочно указаны ожидаемые данные по сырью за следующие 12 месяцев: 30 000 пл. м3 вместо 50 000 пл. м3.</li> </ul>	
<b>Timeline for Conformance:</b>	<p>By the next surveillance audit, but no later than 12 months from report finalisation date</p> <p>До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета</p>
<b>Evidence Provided by Company to close NC:</b>	Supply Base Report
<b>Findings for Evaluation of Evidence:</b>	BP has prepared the updated SBR prior to this annual audit. All information included into SBR is correct and up-to-date.
<b>NC Status:</b>	Closed

<b>NC number</b> 02/19	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	SBP Standard # 4 requirement 5.4.1
<b>Description of Non-conformance and Related Evidence:</b>	
Random review of invoices for the reporting period showed that BP is not included information about address of the buyer to invoices.	

Выборочная проверка инвойсов показала, что в отчетном периоде Организация не указывала адрес покупателя в инвойсах.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date  До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета
<b>Evidence Provided by Company to close NC:</b>	Invoices (for example, invoice 220 dated of 21.08.2019; invoice 1 dated of 27.05.2019)
<b>Findings for Evaluation of Evidence:</b>	Random review of invoices issued by BP in the reporting period, confirmed, that all required information (including customer address) is included.
<b>NC Status:</b>	Closed

NCRs raised during this audit.

<b>NC number 01/20</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	SBP Standard # 4, requirement 5.1:2 The legal owner shall implement all aspects of the SBP approved CoC system requirements for the SBP feedstock or biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>During random checking of the invoices for FSC-certified secondary feedstock supplies from the neighbouring sawmill auditor noticed that the feedstock was sold with FSC Mix Credit claim. Totally, 1929 bulk cubic meter of sawdust was delivered and used by BP in production of pellets with FSC 100% claim. This goes in contradiction with FSC requirements, as in such cases BP should have downgraded the claim for such biomass from FSC 100% to FSC Mix Credit.</p> <p>Выборочная проверка счетов-фактур на поставку FSC-сертифицированного сырья от соседнего лесопильного производства показала, что сырье (опилки) продавалось с заявлением FSC Mix Credit. Всего было доставлено и использовано в производстве пеллет с заявлением FSC 100% 1929 насыпных кубометров опилок с заявлением FSC Mix Credit. Это противоречит требованиям FSC, поскольку в подобном случае Организация должна была понизить заявление FSC для продаваемых пеллет с FSC 100% до FSC Mix Credit.</p>	
<b>Timeline for Conformance:</b>	3 months / 3 месяца
<b>Evidence Provided by Company to close NC:</b>	<ul style="list-style-type: none"> <li>- Documented confirmation of termination of the feedstock supply contract (November 21, 2019)</li> <li>- Staff training records (December 11, 2019)</li> <li>- Phone interview with certification responsible</li> </ul>



<p><b>Findings for Evaluation of Evidence:</b></p>	<p>Right after identification of the major NCR, BP has terminated the feedstock supply contract with the supplier.</p> <p>BP staff involved in secondary feedstock delivery and acceptance was orally instructed by certification responsible right after the closing meeting. Furthermore, formal training was provided to staff on December 11, 2019 to avoid such situations in the future. Auditor considered the corrective action implemented by BP as appropriate, and closed major NCR prior to audit report completion.</p> <p>Сразу после выявления значительного несоответствия контракт с поставщиком был расторгнут.</p> <p>Сотрудники, задействованные в закупку и приемку сырья, были в устной форме проинструктированы ответственным за сертификацию сразу по окончании завершающего совещания с аудитором. Кроме того, официальное (внеплановое) обучение было проведено с сотрудниками 11 декабря 2019 г., с целью избежать повтора такой ситуации в будущем. Аудитор посчитал корректирующие действия, предпринятые Организацией, приемлемыми, и закрыл отчет о несоответствии до завершения отчета о проведенном ежегодном аудите.</p>
<p><b>NC Status:</b></p>	<p>Closed / Закрыто</p>

## 11 Certification decision

<b>Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Pilar Gorría Serrano
<b>Date of decision:</b>	23/Jan/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>