

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Eurasia-Lesprom Group LLC Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

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1 Overview

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

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

Report completion date: 27/Feb/2017

Report authors: Nikolai Tochilov, Roman Kurakin, Natalia Zaladinova

Certificate Holder: Eurasia-lesprom group LLC, 37 Pugacheva street, Magistralny, Kazachinsko-Lensky district, Irkutsk region, 666504

Producer contact for SBP: Natalya Podymakhina, certification responsible, tel. +7 950 147 95 99, e-mail.: natalya.podymakhina@feforest.ru

Certified Supply Base: Sourcing from Russia, Irkutsk region

SBP Certificate Code: SBP-01-63

Date of certificate issue: 28/Mar/2017

Date of certificate expiry: 27/Mar/2022

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Magistralniy, Irkutsk region, Russia.

The BP holds valid FSC Chain of Custody, covering pellet production. Organisation primary production is lumber. Wood residues from this production are used in secondary production (wood pellets). The feedstock is FSC 100% certified and Controlled Material. Origin of the feedstock is Irkutsk region of Russia. Point of sale of the final product is sea harbour Noviy Port, Saint Petersburg and Ust-Luga harbor, Leningrad region (train, FCA).

Scope description: Production of wood pellets, for use in energy production. Post production end points are: Noviy Port, Saint Petersburg and Ust-Luga (train, FCA). The scope of the certificate does not include Supply Base Evaluation.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope			Change in Scope (N/A for Assessments)	
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents			<input type="checkbox"/>	
Primary Activity:	Pellet producer			<input type="checkbox"/>	
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock		<input type="checkbox"/>	
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock			
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>

Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbor	<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>
	Provide name of all points of sales			
	-	-	S.Peterburg harbour (Noviy Port) and Ust-Luga harbour (train FCA, Incoterms)	
	-	-		
	-	-		
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input type="checkbox"/> Sources with unspecified/ specified risk	<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:			
Sub-scopes				<input type="checkbox"/>
Specify SBP Product Groups added or removed:				
Comments:				

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.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction documents 5A, 5B, 5C version 1.1. October 2016.

<http://www.sustainablebiomasspartnership.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

not applicable

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

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

Company runs both pellet and lumber production, which supplies secondary feedstock with FSC Mix Credit or FSC Controlled Wood claim to the pellet plant.

The round wood used at lumber production line (logs for primary production) is originating from the Irkutsk region only.

The BP has implemented FSC credit system and all amount of produced biomass shall be sold with FSC Mix claim (SBP-compliant biomass) or FSC Controlled Wood (SBP-controlled biomass).

The pellets are transported by railway to S.Peterburg harbor and Ust-Luga harbor where the biomass is taken into possession by new owner (FCA delivery conditions according to Incoterms).

5.2 Description of Biomass Producer's Supply Base

In accordance with the law of the Russian Federation all forest estate lands are publicly owned. The primary form of use is concession.

Supply base 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. BP doesn't carry out any harvesting in HCVF and doesn't buy such wood from any other suppliers.

On the territory of supply base there are no CITES or IUCN species.

The main supplier of round wood for wood processing in LLC "Eurasia – Lesprom group" is the LLC "IVLPS-Nebelsky LPH" that is certified against FSC FM/COC. The plant LLC "Eurasia – Lesprom group" itself is certified against FSC CoC. Roundwood is coming to the plant both from the forest areas leased by LLC "IVLPS-Nebelsky LPH" with term of leasing of 49 years and total area of 247800 ha, and from the other three suppliers who are included in BP's own verification program of controlled material sources.

Kirensky and Kazachinsko-Lensky districts of Irkutsk region are the harvesting areas of LLC "IVLPS-Nebelsky LPH" and external suppliers.

Forest stands of 3-4 bonitet class (site index) prevail within the forest areas leased by LLC "IVLPS-Nebelsky LPH". 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 30 hectares), after

which reforestation activities are carried out. Promotion of natural regeneration is carried out on 80% of the territory, sowing and planting - on 20%.

In order to meet the requirements of Russian national FSC standard, in LLC "IVLPS-Nebelsky LPH" 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. Also, the company is actively pursuing thinning on all forest areas in accordance with the forest development projects.

Species used in the production - Scots pine (*Pinus sylvestris*) - 80%, Siberian larch (*Larix sibirica*) - 20%. The proportion of the feedstock with FSC Mix Credit and FSC Controlled Wood claims used in pellet production is not known yet, since the pellet production facilities have just been launched.

More details about BP's supply base can be found in Supply Base Report:

http://www.feforest.com/statics/file/FSC_7.pdf

http://www.feforest.com/statics/file/FSC_8.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	7 535 256 ha
Tenure by type (ha):	100% state owned
Forest by type (ha):	Boreal 7 535 256 ha
Forest by management type (ha):	100% Natural
Certified forest by scheme (ha):	247 801 ha FSC-certified forest

5.4 Chain of Custody system

BP holds valid FSC CoC certificate NC-COC-026613, NC-CW-026613

<http://info.fsc.org/details.php?id=a023300000fPYAqAAO&type=certificate&return=index.php#result> , using FSC credit system of claims. Incoming secondary feedstock has FSC Mix or FSC Controlled Wood claim.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on November 28-29, 2016 (16h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	28/11/2016 09.00-09.30
Documents and procedures review. Inputs review	Office	28/11/2016 09:30-12.15
Break		28/11/2016 12:15-13:00
GHG calculation review	Office	28/11/2016 13:00-17:00
Presentation of the results of the first day of assessment	Office	28/11/2016 17:00-17:30
Opening meeting	Office	29/11/2016 08:00-08:15
Chain of custody review (site tour); interview with the chief of pellet production	Production facilities	29/11/2016 8:15 – 10:00
Interview with chief accountant	Accounting department	29/11/2016 10:00-10:30
Documents and procedures review; staff interview.	Office	29/11/2016 10:30 – 16:00

Closing meeting*	Office	29/11/2016 16:00 – 17:00
End of the evaluation		29/11/2016 17:00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov	NEPCon SBP lead auditor. He passed SBP auditor training in Tallinn in January 2015; previous experience with more than 10 SBP pre-assessments and assessments in Russia.
Roman Kurakin	NEPCon FSC CoC lead auditor. Participated in assessment for training purposes.
Natalia Zaladinova	NEPCon FSC CoC lead auditor. Participated in assessment for training purposes.

The assessment 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 assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, GHG data calculations, Supply Base Report and FSC system description was provided by the company in the beginning of the assessment. Assessment started with an opening meeting attended by the SBP responsible person and the management of the organization.

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

After that audit team went through all applicable requirements of the SBP standards nr.2, 4, 5 and related instruction documents covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data etc. 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, reception process was observed, 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 conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

The next day the audit continued with FSC CoC audit.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on October 31, 2016 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage <https://www.nepcon.org/node/4940>

No comments from the stakeholders were received.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: see non-conformity reports below in this report.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

The BP has involved external consultant who helped with implementation of the system for collection of the emission and energy data. Some of the energy use data is based on actual information, whereas calculation of some data was conducted with implementation of theoretical approaches.

7.4 Competency of involved personnel

The SBP responsible person was supported by external consultant who was closely involved in preparation of internal procedures and helping to set up the management system. The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system.

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

None.

8 Review of Biomass Producer's Risk Assessments

Not applicable for this assessment (supply base evaluation is not included into certificate scope).

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

Non-conformity reports / Открытые отчеты о несоответствиях

NCR: 01/17	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 2 requirement 2C 4.1
Description of Non-conformance and Related Evidence:	
<p>There is a number of mistakes identified in Supply Base Report:</p> <ul style="list-style-type: none"> - Section 1 – the weblink is given to SBE at BP’s website, however SBE is not included into certificate scope and therefore is not applicable - Section 2.1 – IUCN is specified as IUNC. BP specifies that “<i>SBP group of products used in the production of pellets is 100% SBP-appropriate secondary feedstock</i>”. However, there is no <i>SBP-appropriate secondary feedstock</i> definition in SBP glossary. There is no indication that some share of the feedstock is controlled feedstock (FSC Controlled Wood claim) - Section 2.5 – the total area of tenure by type, forest by type and forest by management type is not specified - Section 2.5 h) – only Pinus sylvestris is specified as species in primary feedstock, however BP also uses Larix sibirica - Section 11 Review of the report is not filled out, although BP attached peer reviewer report to Russian version of Supply Base Report as annex (see PDF version of SBR at BP’s website) - Sections 13.4 and 13.5 of English version of Supply Base Report are not filled out. <p>В отчете о ресурсной базе отмечен ряд ошибок:</p> <ul style="list-style-type: none"> - В разделе 1 дана ссылка на веб-сайт компании, где размещена supply base evaluation, хотя это не применимо и не включено в область действия сертификата - В разделе 2.1 (английская версия) ошибочно указано IUNC вместо IUCN. Упоминается также <i>SBP-appropriate secondary feedstock</i>, хотя такого термина нет в глоссарии SBP. В то же время, не указано, что часть сырья является контролируемым (с заявлением FSC Controlled Wood) - В разделе 2.5 в ряде случаев не указаны площади в гектарах - В разделе 2.5 h) указана только сосна, в то время, как организация использует и лиственницу в качестве сырья - Раздел 11 не заполнен, хотя отчет рецензента приложен к русской версии отчета о ресурсной базе (см. отчет в формате PDF на вебсайте организации) - Разделы 13.4 и 13.5 английской версии отчета не заполнены. 	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By the next audit, but not later than 12 months after report finalization date (27.02.2018) / До следующего ежегодного

	аудита, но не позднее 12 месяцев с даты утверждения отчета (27.02.2018)	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN / ОТКРЫТО	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

NCR: 02/17	NC Classification: minor / незначительное	
Standard & Requirement:	SBP Standard # 4 requirement 4B 1.2	
Description of Non-conformance and Related Evidence:		
<p>BP signed and submitted to NEPCon a copy of SBP trademark license agreement. Company name and name of director are not specified in TMLA (at last page), the document includes only director signature.</p> <p>Организация подписала и предоставила NEPCon копию подписанного лицензионного соглашения в SBP. В нем на последней странице не указаны ФИО директора, и название компании – документ содержит только подпись директора.</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
Timeline for Conformance:	By the next audit, but not later than 12 months after report finalization date (27.02.2018) / До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета (27.02.2018)	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN / ОТКРЫТО	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Observations

None

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the approval of the report from SBP technical committee. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 27.02.2017	

12 Surveillance updates

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Natalya Podymakhina, SBP certification responsible
Auditor(s):	Nikolai Tochilov, Roman Kurakin, Natalia Zaladinova
People Interviewed, Titles:	Natalya Podymakhina, SBP certification responsible Svetlana Timchenko, accountant Natalia Martynenko, deputy head of legal department Natalia Safonova, senior accountant of material group Zazirnaya Irina, senior accountant Valery Kolmakov, senior master of power station Maxim Rudakov, master
Brief Overview of Audit Process for this Location:	See section 6.2
Comments:	No comments