

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Rusforest Magistralniy LLC Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

www.sbp-cert.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.sbp-cert.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.org, +420 606 730 382

Report completion date: 13/Dec/2017

Report authors: Nikolai Tochilov

Certificate Holder: Rusforest Magistralniy LLC, 2/5 Zavodskaya str., Magistralniy, Kazachinsko-Lensk district, Irkutsk region,666505.

Producer contact for SBP: Nadezhda Ovchinnikova, certification specialist. Tel: +7 9500-620-320, +7(3952)780-920; Email: onn@lesresurs.com

Certified Supply Base: Sourcing from Russia, Irkutsk region

SBP Certificate Code: SBP-01-37

Date of certificate issue: 03/Oct/2016

Date of certificate expiry: 02/Oct/2021

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
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in Magistralniy settlement, Irkutsk region.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate, covering sawmilling and pellet production.

The input material used by the Organisation for biomass production contains only secondary feedstock (wood chips and sawdust for pellet production and bark for dryer).

81 % of input materials delivered to the pellet production plant is FSC certified, and 19% of input material is included into the Organisation’s FSC Controlled wood verification system. Feedstock used in the biomass production originates from Russia, Irkutsk region.

Scope description: Production of wood pellets in Magistralniy, Irkutsk region, Russia, for use in energy production. Post production end point is S.Petersburg harbour (terms of delivery - railway, FCA, Incoterms 2010). The scope of the certificate does not include Supply Base 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 https://sbp-cert.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			
	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>

Chain of custody system implemented:	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour – Permanent storage (Storage site)	<input type="checkbox"/> Harbour – Temporarily storage (Logistic site)	<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 (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, accompanied by Instructions 5A, 5B, 5C, Version 1.1 October 2016

Standards and instructions are available at SBP homepage: <https://sbp-cert.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 pellet producer located in Magistralniy, Irkutsk region. BP annual production capacity is about 30 000 tones of wood pellets. Incoming feedstock is sawdust and wood chips from its own sawmilling located at the same production site. Final product is transported in big bags by railway to S.Petersburg harbour. Round wood with FSC 100% claim is delivered from company's own FSC certified forest management units in Irkutsk region, its share is about 81% in total supplies. The rest 19% of supplies are non-certified and included into Organization's own program of field verification of controlled material sources under FSC certification. There are no non-controlled inputs of the feedstock.

The BP has implemented FSC credit system and produced biomass is sold with FSC Mix Credit claim (SBP-compliant biomass) or FSC Controlled Wood claim (SBP-controlled biomass). In the reporting period all biomass was sold with SBP-compliant biomass claim.

5.2 Description of Biomass Producer's Supply Base

Geographically supply base of Rusforest Magistralniy LLC is located in Irkutsk region of Siberian Federal District of Russia.

The leased forest areas of "Rusforest Magistralniy" LLC have the following features:

FMU 1 - Forest lease area is characterized by high percentage of forest land (98.1%) and wooded land (92.2%). Coniferous stands account for 94% of wooded land with pine accounting for 63% of total wooded land and spruce, fir tree, larch and cedar – 8%, 1%, 15% and 8% correspondingly. Average age of coniferous plantations is 148 years, soft broadleaved – 61 year.

FMU 2 - The forest area is predominated by wooded lands (93.7%) covered mostly by forests of natural origin. In general, coniferous stands predominate (91%) with pine accounting for 67% of total coniferous area and cedar, larch, spruce and fir tree – 13%, 10%, 9% and 1% correspondingly. Mature and over-mature stands prevail. Average age of coniferous plantations is 122 years, soft broadleaved – 60 years.

FMU 3 – In general the forest area is predominated by coniferous stands (90.5%) with pine accounting for 76.5% of total coniferous area, larch – 7.8%, spruce – 11.4%, cedar – 4.2% and fir tree – 0.1%. Soft broadleaved stands account for 9.5% of forest land with birch accounting for 51.2% and aspen – 48.8%. Average age of coniferous plantations is 159 years, soft broadleaved – 91 year.

FMU 4 – The forest area is predominated by coniferous stands (97.5%) with larch accounting for 45% of total coniferous area, pine – 32.3%, cedar – 11.4%, spruce – 8.9%. Soft broadleaved stands account for 2.5% of forest land with birch accounting for 0.8% and aspen – 1.7%. Average age of coniferous plantations is 111 years, soft broadleaved – 34 year.

Location of forest lease areas:

- № 91-289/11 from 04.08.2011 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe forestry district, Martynovskaya dacha, Karamskoe zonal forestry district, Novoselovskaya and Karamskaya dacha (125,565 ha);
- № 91-288/11 from 04.08.2011 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Kazachinskoe forestry district, Cherepanskaya and Kutimsaya dacha (355,104 ha).

- № 2/8 from 18.08.2008 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe forestry district, Martynovskaya dacha (25,456 ha);
- № 3/8 from 18.08.2008 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe forestry district, Magistralnaya and Nebelskaya dacha (8,673 ha);

The roundwood species used by the organization in production are not subject to the CITES Convention and are not included in the IUCN listings:

- Scots pine (*Pinus sylvestris*) 85% of total supply
- Siberian larch (*Larix sibirica*) 15% of total supply.

During 01.10.2016 - 30.09.2017, roundwood as controlled material from single supplier located in Irkutsk region, Kazachinsko-Lensk district was purchased. This timber was included into controlled material verification program against FSC-STD-40-005.

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

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2017_en.pdf

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2017.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	515 144 ha
Tenure by type (ha):	515 144 ha, State owned
Forest by type (ha):	515 144 ha, Boreal
Forest by management type (ha):	515 144 ha, Natural
Certified forest by scheme (ha):	514 798 ha FSC-certified forest

Quantitative description of the Supply Base can be found in the Biomass Producer's Supply Base Report.

5.4 Chain of Custody system

The BP holds valid FSC Chain of Custody and FSC Controlled wood certificate

<http://info.fsc.org/details.php?id=a02400000095FmJAAU&type=certificate&return=certificate.php> .

BP is implementing FSC credit system. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the BP's own Controlled wood verification system. The Controlled wood system is covering the whole Russia (according to Russian National Risk Assessment) however in fact the controlled material is coming occasionally from a single neighbouring supplier. Relevant supplier list is maintained.

After the reception, incoming primary feedstock (saw logs) is registered in BP's database and processed at sawmilling facilities. Relevant credit accounts are maintained for all FSC product groups (sawn material, wood chips, sawdust, pellets). Conversion factors are established and regularly revised based on actual production data. Pellets are produced of the secondary feedstock (sawdust and wood chips).

In case of the FSC and/ or SBP sales the volume of sold pellets is withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on November 16-17, 2017 (13 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	16/11/2017 10.00-10.15
Documents and procedures review. Inputs review, energy use calculations review	Office	16/11/2017 10:15-13.00
Lunch		16/11/2017 13:00-14:00
Documents and procedures review. Inputs review, energy use calculations review	Office	16/11/2017 14:00-17.00
Chain of custody review (site tour); staff interview	Pellet production site	17/11/2017 09.00-11.30
Documents and procedures review, staff interview	Office	17/11/2017 11:30-13.00
Lunch		17/11/2017 13:00-14:00
Documents and procedures review, staff interview	Office	17/11/2017 14:00-16.40
Closing meeting*	Office	17/11/2017 16.40-17.00

End of the evaluation		17/11/2017
		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 20 SBP assessments and annual audits in Russia.

The audit 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, SAR, SBP Profiling data and Supply Base Report and FSC system description was provided by the company at the beginning of the audit. Audit started with an opening meeting attended by the SBP responsible person and the management of the organization.

Audit team was introduced, 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 auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a, 5b, 5c 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 and controlled 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.

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: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

No stakeholder consultations conducted prior or during this annual audit.

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 minor NCRs below in this report.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

Energy use data are mostly based on actual production results. Please also see NCR 02/17.

7.4 Competency of involved personnel

All staff involved into SBP certification showed good understanding of the requirements in relation to SBP certification and of the FSC CoC system.

7.5 Stakeholder feedback

No feedback from stakeholders have been received.

7.6 Preconditions

None

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

NCR: 01/18	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard 4, Instruction Note 4B, 2.3 SBP Trademark License Agreement, section 7.2
Description of Non-conformance and Related Evidence:	
<p>In the reporting period BP mentioned at their website http://www.rusforest.com that they are SBP-certified; use of SBP abbreviation at homepage is considered as SBP trademark use off-product.</p> <p>В отчетном периоде Организация разместила на своем веб-сайте http://www.rusforest.com информацию о своей SBP сертификации; использование аббревиатуры SBP на веб-сайте считается использованием товарного знака SBP вне продукции.</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 annual surveillance audit, but not later than 12 months / К следующему ежегодному аудиту, но не позднее 12 месяцев
Evidence Provided by Organisation:	<p>Email from BP to SBP from November 16, 2017 regarding approval of SBP trademark use at BP website. / Электронное сообщение от Организации в адрес SBP от 16 ноября 2017 г. с просьбой утвердить использование товарного знака SBP на веб-сайте Организации</p> <p>Email from SBP to BP from November 18, 2017 with approval for SBP trademark use at BP website. / Электронное письмо от SBP в адрес Организации от 18 ноября 2017 г. с одобрением использования товарного знака SBP на веб-сайте Организации.</p>
Findings for Evaluation of Evidence:	During the audit BP has sent the email to SBP with the request to approve SBP trademark use at BP's website. Within two days BP has got relevant approval from SBP. / Во время аудита Организация отправила электронное письмо в SBP с просьбой одобрить использование товарного знака SBP на своем веб-сайте и через два дня получила одобрение от SBP.
NCR Status:	CLOSED / ЗАКРЫТО

NCR: 02/18	NC Classification: minor / незначительное
Standard & Requirement:	SBP Instruction Document 5B, requirement 5.1.3
Description of Non-conformance and Related Evidence:	
BP has data on actual diesel consumption for forklift loader TCM FND18T3Z – this loader is working exclusively for the pellet plant. As for the front-end loader Doosan Mega 400, this vehicle provides	

services both for pellet plant and for other production facilities (sawmill etc.). BP knows the total actual diesel consumption for this vehicle, including pellet plant and other production facilities, and approximate working time of the front-end loader for pellet production. BP could not provide documented justification about actual diesel consumption for pellet production. According to different documents submitted to auditor and explanations of staff members, front-end loader may work for pellet production 5 or 6 hours per shift.

Организация располагает актуальными данными о расходе дизельного топлива вилочным погрузчиком TCM FND18T3Z, обслуживающим исключительно пеллетное производство. Фронтальный погрузчик Doosan Mega 400 обслуживает как пеллетное производство, так и иные производственные объекты (включая лесопильное производство). Организация имеет актуальные данные о расходе дизельного топлива этим погрузчиком в целом, включая пеллетное производство и другие производственные объекты. Организации также известно примерное время работы фронтального погрузчика на пеллетное производство. Организация не смогла представить документальное подтверждение актуального расхода дизельного топлива погрузчиком при обслуживании пеллетного производства. Согласно различным документам, предоставленным аудитору, а также комментариям сотрудников, погрузчик может работать на пеллетном производстве 5 или 6 часов в течение смены.

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months / К следующему ежегодному аудиту, но не позднее 12 месяцев
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN / ОТКРЫТО

Please list of the non-conformities which are likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

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: Certification is maintained upon acceptance of minor NCRs raised in this report.	
Certification decision by: Ondřej Tarabus	
Date of decision: 13.12.2017	
Next surveillance audit should take place:	<input checked="" type="checkbox"/> within 12 months <input type="checkbox"/> more frequently (please specify)

12 Surveillance updates

12.1 Evaluation details

Please see section 6.1 above in this report.

12.2 Significant changes

There were no significant changes in Supply Base or BP's procedures and systems.

12.3 Follow-up on outstanding non-conformities

NCR: 01/17	NC Classification: minor / незначительное	
Standard & Requirement:	SBP Standard # 4 requirement 5.2.3	
Description of Non-conformance and Related Evidence:		
Verification of the results of controlled material suppliers verification showed that the documents do not contain evidence of consultations conducted with the local communities.		
Анализ актов проверки контролируемых поставщиков показал, что в данных актах нет свидетельств того, что были проведены консультации с местным населением		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. 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.	
Timeline for Conformance:	By the next audit, but not later than 12 months after report finalization date / До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета	
Evidence Provided by Organisation:	Checklist for controlled material supplier inspection, dated of 14 September 2017 / акт проверки поставщика контролируемого материала от 14 сентября 2017 г.	
Findings for Evaluation of Evidence:	Verification of the checklist confirmed that representatives of local communities have been consulted during the inspection. Проверка акта подтвердила, что консультации с представителями местного населения проводятся.	
NCR Status:	CLOSED / ЗАКРЫТО	
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"/>

12.4 New non-conformities

Please see section 10 above in this report.

12.5 Stakeholder feedback

No comments have been received from stakeholders prior and during this annual audit.

12.6 Conditions for continuing certification

Please see minor NCRs raised as a result of this audit, above in this report (section 10 above).

12.7 Certification recommendation

Auditor recommends certification maintained upon acceptance of NCRs raised in this report.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Nadezhda Ovchinnikova, certification responsible
Auditor(s):	Nikolai Tochilov
People Interviewed, Titles:	Nadezhda Ovchinnikova, certification responsible Vladimir Meshkov, chief of security department Tatiana Dudetskaya, H&S engineer Igor Zhakota, pellet production chief Andrey Pechyonkin, chief power engineer Lyubov Novikova, vice chief accountant Vitaliy Zyuzyun, pellet production operator Veronika Dergacheva, economist Vera Persidskaya, chief accountant
Brief Overview of Audit Process for this Location:	Please see section 6.2 of the report above
Comments:	-