

SBP

Sustainable Biomass Program

NEPCon Evaluation of Eurasia-Lesprom Group 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 1.3

*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
Current report completion date:	18/Jan/2019
Report authors: :	Natalia Zaladinova
Name of the Company:	Eurasia-lesprom group LLC
Company contact for SBP:	Yuliya Bezrukikh, Pugacheva str.,37, Magistralny village, Kazachinsko-Lensky district, Irkutsk region, Russia, 666505, tel.: +7-395-624-02-29, yuliya.bezrukikh@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

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office and pellet production in Magistralny settlement, Irkutsk region, Russia.

Scope description: Production of wood pellets in Magistralny, Irkutsk region, Russia, for use in energy production, and its transportation to Saint Petersburg and Ust-Luga harbours (truck FCA, Incoterms). The scope of the certificate does not include Supply Base Evaluation.

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

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 truck to S.Petersburg and Ust-Luga sea ports on FCA delivery conditions of Incoterms.

5.2 Description of Company's Supply Base

Supply base is located on the territory of Irkutsk region in Siberian Federal District of Russia.

The total area of forest land on the territory of Russia is 764 million ha representing approximately 21% of world reserves of standing timber.

The areas occupied by f main forest forming species remain rather stable for the last decades. Coniferous species are 68%, hard-leaved forest – 2,4%, soft-leaved forest – 19,3%. Other wood species are less than 1% of forest.

In accordance with the legislation of Russia all the forests lands are the property of the state. Legal entities get forest sites for use on a leasehold basis and short-term use. Period of leasing can be from 10 years to 49 years.

In accordance with the Russian Forest legislation every forest user who got a forest site for lease is obliged to do the following:

- Implement measures for conservation, protection and reproduction of forests,
- Annually provide forest declaration,
- Develop the forest management plan,
- Provide report on forest use, their conservation, protection and reproduction.

Use of the Annual Allowable Cut in the whole country does not exceed 13%, because the percentage of forest of hard access is high in the country and almost everywhere there is a poor development of infrastructure.

Provision of high quality reproduction of forest resources and safeguarding foresting is a must for a forest user. Forest users plan and carry out all the forest restoration work at the forest leased areas at their own expenses and in accordance with the forest management plan.

During harvesting, according to the forest legislation, specimens of species listed in the Red Book are subject to the preservation along with their inhabitations. Cutting of valuable, endangered and protected species of trees is prohibited.

Forest complex of the Russian Federation, including the forestry and timber industry in logging and wood processing plays an important role in country economy. Around 60 thousand of large enterprises, of medium-sized enterprises and of small-sized enterprises are involved in forest complex of Russia. The total number of employees working for forest industry is approximately one million people.

The key factor of forest management in RF is forest organization and regulation.

All the primary documentation of the forest management is worked out based on the data of forest inventory.

More forestry companies are beginning to follow the rules of sustainable forestry. The growth of forest certification in Russia is a sign of this. Forest certification shows the responsible approach to provision of legal wood harvesting and compliance with generally accepted environmental and social requirements of sustainable forest management.

Supply base of LLC "Eurasia – Lesprom group"

Supply base of LLC "Eurasia – Lesprom group" is located in Kirensky (4 258 352 ha) and in Kazachinskoye (3 276 904 ha) districts of Irkutsk region.

Irkutsk region

Supply base of LLC "Eurasia – Lesprom group" 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 "Eurasia – Lesprom group" doesn't carry out any harvesting in HCVF and doesn't buy such wood from any other suppliers.

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

All feedstock used for pellets production is secondary feedstock provided by their own sawmill located in the same facilities. The sawmill has at the same time only one Roundwood supplier "Eurasia – Lesprom group". The main supplier of round wood for wood processing in LLC "Eurasia – Lesprom group" is the LLC "IVLPS-Nebelsky LPH" that is certified to FSC forest management system. The plant LLC "Eurasia – Lesprom group" itself is certified to FSC Chain of Custody system. Further, round wood is coming to the plant from the forest areas leased by LLC "IVLPS-Nebelsky LPH" with term of leasing of 49 years and total area of 247800 ha.

Delivery of round wood is also possible from external suppliers included in own FSC controlled wood verification system of non-certified suppliers.

In the forest areas leased by LLC "IVLPS-Nebelsky LPH" prevails on the average 3-4 bonitet (site index) of the forest stands. 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 80% of the territory, sowing and planting on 20%.

Based on the analysis, 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 management projects.

Only SBP-compliant secondary feedstock is used in pellet production. More details about BP's supply base can be found in Supply Base Report: http://feforest.com/Business_cpjs_rz_e.html

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

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

5.4 Chain of Custody system

BP is a pellet producer situated in Magistralny, Irkutsk region, Russia. BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a023300000fPYAqAAO&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.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on November 14-15, 2018 (16 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	14/11/2018 09.00-09.15
Documents and procedures review. Inputs review, energy use calculations review	Office	14/11/2018 09:15-17.00
Chain of custody review (site tour); staff interview	Pellet production site	15/11/2018 09.00-10.30
Documents and procedures review	Office	15/11/2018 10:30-16.45
Closing meeting*	Office	15/11/2018 16.45-17.00
End of the evaluation		15/11/2018 17.00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Natalia Zaladinova	Role: Lead auditor Qualification: NEPCon SBP lead auditor. She successfully passed SBP auditor training course in December 2016 in Amsterdam and participated in a number of 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 transfer system. Effective recordkeeping system. Clearly designated responsibilities within the staff members.

Weaknesses: See minor NCR below in this report

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The BP has involved external consultant who helped with implementation of the system for collection of the emission and energy data. Energy use data are based both on actual production results and on engineering calculations. Responsible for collecting information is specialist of forest certification. The data taken from accounting records, invoices. As for feedstock and biomass transportation, BioGrace values are taken by BP.

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. The responsible for SBP certification is Yuliya Bezrukikh. She is working in the organizations as the specialist of forest certification and engineer of forestry since 2014.

7.5 Stakeholder feedback

No feedback from stakeholders have been received.

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

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NCR: 02/18	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 2 requirement 15.7
Description of Non-conformance and Related Evidence:	
<p>BP has revised the SBP Procedure prior to this audit. No documented evidence provided to auditor that staff was promptly informed about the changes.</p> <p>Организация обновила Процедуру (Руководство) SBP перед аудитом. Аудитору не было предоставлено документальных свидетельств, что сотрудники были должным образом проинформированы об изменениях.</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 / До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета
Evidence Provided by Organisation:	<p>Training report dated 08.11.2018; Staff interviews</p> <p>Протокол об обучении от 08.11.2018; Опрос сотрудников</p>
Findings for Evaluation of Evidence:	<p>Interviews with the staff members showed that they were duly informed of the Procedure (SBP Guidance) prior to the audit and could meet the requirements of the procedures. BP also submitted training protocol dated 08.11.2018.</p> <p>Опрос сотрудников показал, что они должным образом проинформированы с Процедурой (Руководством SBP) перед аудитом и могут выполнять требования процедур. Также организация предоставила протокол об обучении от 08.11.2018</p>

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"/>

NCR: 03/18	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 4 requirement 5.5.2
Description of Non-conformance and Related Evidence:	
<p>Random review of sales and delivery documents for the reporting period showed that BP made mistake in specification of SBP claim – “SBP-compliant Biomass” in invoices and specifications.</p> <p>Выборочная проверка торговой и отгрузочной документации показала, что в отчетном периоде Организация некорректно указывала заявление SBP в инвойсах и спецификациях – SBP-compliant Biomass.</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 / До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета
Evidence Provided by Organisation:	<p>Invoices (for example invoice # 460 dated 17.07.2018)</p> <p>Инвойсы (например, инвойс №460 от 17.07.2018)</p>
Findings for Evaluation of Evidence:	<p>Review of invoices and delivery documents for the reporting period showed that BP correctly indicated in specification of SBP claim.</p> <p>Проверка торговой и отгрузочной документации показала, что в отчетном периоде Организация корректно указывала заявление SBP в инвойсах и спецификациях.</p>
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"/>

NCR: 06/18	NC Classification: minor / незначительное
Standard & Requirement:	SBP Instruction Document 5B ver. 1.1, requirement 5.1.3
Description of Non-conformance and Related Evidence:	
<p>In July-October 2017 BP used two trucks Kamaz for the feedstock delivery. Since both trucks are used not only at pellet production, diesel consumption calculation of these vehicles is based on the total distance driven by them every month. However, for Kamaz 688 data on the distances driven in August-October 2017 is missing and BP used theoretical approach to estimate its diesel consumption.</p>	

<p>В июле-октябре 2017 года Организация использовала два автомобиля КамАЗ для подвоза сырья к пеллетному производству. Так как оба автомобиля используются не только на пеллетном производстве, расчет расхода дизельного топлива ими основан на общем пробеге в течение каждого месяца. Однако, для КамАЗ 688 данные о пробеге за август-октябрь 2017 отсутствуют, и Организация была вынуждена применить теоретические предпосылки для определения расхода дизельного топлива этим транспортным средством.</p>	
<p>Corrective action request:</p>	<p>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.</p>
<p>Timeline for Conformance:</p>	<p>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</p>
<p>Evidence Provided by Organisation:</p>	<p>SBP Procedure; Fuel consumption rates used in the BP</p> <p>Руководство по SBP (процедура), Нормы расхода топлива используемые в организации</p>
<p>Findings for Evaluation of Evidence:</p>	<p>All motor vehicles used to transport material and biomass fuel within the site as well as to store and load finished products are refueled at organization’s own fuel station; this is registered in a special record. Dispatch operators also record actual fuel consumption and hours spent to fulfill all operations and hours spent outside the pellet workshop. BP has updated its SBP procedure where the whole process of fuel consumption rate calculation for each motor vehicle is described. For the period under revision fuel consumption for front-end loaders (2 front-end loaders (Chang-Ling) and 1 front-end loader (Liebherr) used to transport material to a bin was calculated based upon the established norms of fuel consumption per liter/moto hour (for winter and summer seasons), and upon number of trips made to transport the material, time spent per one round trip. Number of trips was determined in accordance with the material quantity necessary to provide output of pellet volume and utilized capacity of the load per vehicle. Diesel fuel consumption for KamAZ motor vehicle used to transport the material to pellet production site was calculated based upon the established norms of fuel consumption per 100 km (for winter and summer seasons), and upon number of trips made to transport the material, average distance of one trip. Number of trips was determined in accordance with the material quantity necessary to provide output of pellet volume and utilized capacity of the load per vehicle.</p>

	<p>Весь автотранспорт, используемый для перемещения по площадке сырья и биотоплива, а также складирования и отгрузки готовой продукции заправляется на собственной заправочной станции, о чем составляется подробная ведомость. Диспетчера также фиксируют фактический расход топлива и количество часов, затраченное машинами на все операции, и количество часов, отработанных на для пеллетного цеха. Организация обновила SBP процедуру, описан процесс расчет норм потребления топлива для каждого автотранспорта. В ревизионном периоде потребление дизельного топлива для фронтальных погрузчиков подающих сырье в бункер учитывалось исходя из установленных норм топлива на 1 литр/моточас (для зимнего и летнего периода) и количества рейсов потраченных на перевозку сырья, количество времени потраченного на один кругорейс. Количество рейсов определяется исходя из количества сырья необходимого для обеспечения выпуска объема пеллет и объема загруженности транспортного средства.</p> <p>Потребление дизельного топлива для автомобиля КамАЗ для подвоза сырья к пеллетному производству учитывалось исходя из установленных норм топлива на 100 км (для зимнего и летнего периода) и количества рейсов потраченных на перевозку сырья, среднего расстояния одного рейса. Количество рейсов определялось исходя из количества сырья необходимого для обеспечения выпуска объема пеллет и объема загруженности транспортного средства.</p>
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"/>

New NCR during this annual audit

NC number 01/19	NC Grading: Minor
Standard & Requirement:	SBP Standard # 2 requirement 2.8
Description of Non-conformance and Related Evidence:	
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: -Section 2.5 f - total volume of feedstock is incorrectly: 28 682.32 solid m3 instead 46 257.64 solid m3; -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; -Section 13.5 - projected figures for feedstock over the next 12 months is incorrectly: 30 000 solid m3 instead 50 000 solid m3.	

<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"> - в разделе 2.5 f. ошибочно указан общий объем сырья: 28 682.32 пл. м3 вместо 46 257.64 пл. м3; - 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 - в разделе 13.5 ошибочно указаны ожидаемые данные по сырью за следующие 12 месяцев: 30 000 пл. м3 вместо 50 000 пл. м3. 	
Timeline for Conformance:	<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>
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number 02/19	NC Grading: Minor
Standard & Requirement:	SBP Standard # 4 requirement 5.4.1
Description of Non-conformance and Related Evidence:	
<p>Random review of invoices for the reporting period showed that BP is not included information about address of the buyer to invoices.</p> <p>Выборочная проверка инвойсов показала, что в отчетном периоде Организация не указывала адрес покупателя в инвойсах.</p>	
Timeline for Conformance:	<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>
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

11 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 Gorría Serrano
Date of decision:	18/Jan/2019
Other comments:	<i>Click or tap here to enter text.</i>