

SBP

Sustainable Biomass Program

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

Third 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 NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	07/Dec/2018
Report authors: :	Natalia Zaladinova
Name of the Company:	Rusforest Magistralniy
Company 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

This report relates to the Third Surveillance Audit

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).

83 % of input materials delivered to the pellet production plant is FSC certified, and 17% 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.

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 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. Bark and wood chips are used for dryer. 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 83% in total supplies. The rest 17% 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 Company'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*) 81.5% of total supply
- Siberian larch (*Larix sibirica*) 18.5% of total supply.

During 01.10.2017 - 30.09.2018, 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_2018.pdf

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2018_en.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	515054.9 ha
Tenure by type (ha):	515054.9 ha, State owned
Forest by type (ha):	515054.9 ha, Boreal
Forest by management type (ha):	515054.9 ha, Natural 514,798.0 natural forests, managed according to forest lease agreements. 256.9 ha of natural forest, purchased at auction, according to the Order of Forest Agency of Irkutsk Region
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 12-13, 2018 (12.5 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting*	Office	12/11/2018 09.00-09.15
Documents and procedures review. Inputs review, energy use calculations review	Office	12/11/2018 09:15-13.00
Lunch		12/11/2018 13:00-14:00
Documents and procedures review. Inputs review, energy use calculations review	Office	12/11/2018 14:00-17.00
Chain of custody review (site tour); staff interview	Pellet production site	13/11/2018 09.00-11.30
Documents and procedures review, staff interview	Office	13/11/2018 11:30-13.00
Closing meeting*	Office	13/11/2018 13.00-13.30
End of the evaluation		13/11/2018 13.30

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 credit system. Effective recordkeeping system. Clearly designated responsibilities within the staff members.

Weaknesses: there are no weaknesses during this audit.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

Energy use data for pellet production site (electricity; diesel consumption by loaders) is based on actual information. 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 Nadezhda Ovchinnikova. She is working in the organizations as the specialist of forest certification since 2013 (FSC COC and FM, SBP, EN plus).

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 Instruction Document 5B, requirement 5.1.3
Description of Non-conformance and Related Evidence:	
<p>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.</p> <p>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.</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:	The order of the organization # 135 / 1a dated October 31, 2017; Way-bills Приказ организации № 135/1а от 31.10.2017 г. ; Путевые листы
Findings for Evaluation of Evidence:	By the order of the organization # 135/1 dated October 31, 2017, from November 1, the organization makes a record of the operation of vehicles in hours on the pellet production in way-bills. The check of way-bills showed that during the audit period the BP kept track of the time of vehicles for pellet production. BP provide documented justification about actual diesel consumption for pellet production. Приказом организации №135/1 от 31.10.2017 с 1 ноября организация производит в путевых листах запись о работе транспортных средств в часах на пеллетном производстве. Проверка путевых листов показала, что в ревизионный период организация вела учет времени транспортных средств на пеллетное производство. Организация предоставила документальное подтверждение актуального расхода дизельного топлива погрузчиком (и других транспортных средств) при обслуживании пеллетного производства.
NCR Status:	CLOSEA / ЗАКРЫТО

New NCR issue during the evaluation

NCR: 01/19	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 2 requirement 2C 4.1
Description of Non-conformance and Related Evidence:	
BP made the mistake in the SBR: in section 2.5. the total supply base area (ha) is indicated: 514,945.8 ha, and in fact it should be 515,054.9 ha. В отчете о ресурсной базе организация допустила ошибку: в разделе 2.5. указана общая площадь ресурсной базы (га): 514 945,8 га, а на самом деле должна быть 515 054.9 га.	
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

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):	Ondrej Tarabus
Date of decision:	07/Dec/2018
Other comments:	N/A