

# NEPCon Evaluation of BIO LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) 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*

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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:	17/Mar/2020
Report authors: :	Mikhail Rai (under witness of Nikolai Tochilov)
Name of the Company:	BIO LLC, Russia, 666684, Irkutsk Region, Ust-Ilimsk, str. Fedotova 4, of. 137
Company contact for SBP:	Natalia Kondurova, certification manager. Mob.: +79501182065, email: dvpwood@mail.ru
Certified Supply Base:	Russia, Krasnoyarsk region
SBP Certificate Code:	SBP-07-68
Date of certificate issue:	17/Mar/2020
Date of certificate expiry:	16/Mar/2025

This report relates to the Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

Scope of certificate includes production of wood pellets in Ust-Ilimsk, Irkutsk region, Russia for use in energy production and its transportation by different means of transport to different end points in Russia. The scope of the certificate does not include Supply Base Evaluation. The communication of Dynamic Batch Sustainability Data are included in the scope of the certificate.

### 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 and assessment of compliance with ID 5E ver. 1.0.

## 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

BIO LLC is a primary processor (biomass producer) established in 2018 and located in Irkutsk region, Russia. The BP is a small company and has 24 staff members. Annual design capacity is 24 000 tons of pellets. The BP holds valid FSC CoC certificate, and uses only FSC-certified primary feedstock (roundwood) for pellet production and heating. SBP-certified biomass will be produced from low-grade primary wood - balances without tops, branches and stumps (SBP-compliant primary feedstock). Since the BP does not have forest concession, it is planned to purchase raw materials from only one FSC certified enterprise, the holder of the lease of a forest plot in the Krasnoyarsk Territory.

### 5.2 Description of Company's Supply Base

Bio Limited Liability Company is a producer of SBP-certified biomass located in the Irkutsk region.

In the first reporting period, Bio LLC produced non-certified biomass, outside the scope of SBP certification, from sawmill waste (sawdust)..

The supply base is located in the Krasnoyarsk region, from where round wood is delivered from the indicated rental forest plot for processing to a plant in the Irkutsk Region.

Krasnoyarsk region has one of the largest forest resources among Russian regions. The territory of the forest fund of the region is 158,7 million hectares. The total stock of forests amounts to 11,7 billion m<sup>3</sup> - this is about 1/3 of the Siberian Federal District reserves and 1/7 of the total Russian forest stock. In the structure of forest stands of the Krasnoyarsk Krai coniferous stands prevail, the share of which is about 76%.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration and make addendums to it about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of



forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Sanitary felling is also possible. The maximum cutting area is limited to 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration. Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

The composition of the forests of the Krasnoyarsk region includes Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian cedar pine (*Pinus sibirica*), Siberian spruce (*Picea obovate*), Siberian fir (*Abies sibirica*), and Silver birch (*Betula pibirula*), aspen (*Populus tremula*), , a tree-shaped willow (*Salix spp.*) is found.

When harvesting wood, according to the forest legislation species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. On the territory of the Krasnoyarsk region there are such types of trees listed in the Red Book as Small-leaved Birch (*Betula microphylla* Bunge), Pseudocossack Juniper (*Juniperus pseudosabina* Fisch. & C.A. Mey.). Areas with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the Irkutsk region.

Harvesting of tree species that are on the IUCN and CITES lists is excluded, since the distribution range of these species is outside the Organization's supply base.

The presence of vast forests with a predominance of ripe stands of economically valuable species contributed to the rapid development of the logging industry in the region. Krasnojarsk region is in one of the leading places in terms of forest raw material potential, and in terms of harvested wood, it among the leading in Russian Federation. The forest industry is represented by 400 enterprises operating in the field of logging and woodworking. In recent years, priority in the transfer of forests for rent has been given to enterprises in which logging is integrated with woodworking. The holder of the lease of the forest plot from which the timber is supplied to Bio LLC is a small tenant in comparison with other large enterprises of the industry in the region.

Bio LLC has an important socio-economic function in the area. The company pays taxes to the local budget; when hiring, it gives preference to the local population.

### 5.3 Detailed description of Supply Base

Total Supply Base area (ha):	47 404. ha
Tenure by type (ha):	public 47 404 ha
Forest by type (ha):	boreal 47 404 ha
Forest by management type (ha):	managed natural 47 404 ha ha
Certified forest by scheme (ha):	47 404 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/accreditations-and-certifications/certificate-holders/> (SBR will be uploaded there after certificate issue).

## 5.4 Chain of Custody system

BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000k64YkAAI&type=certificate> covering the primary processing, which includes round wood debarking, chipping and pellet production. Only primary feedstock (roundwood) with FSC 100% claim will be used for pellet production and FSC transfer system of claims is implemented (all pellets will have FSC 100% claim). To calculate a conversion factor prior to this assessment, BP used theoretical (engineering) calculation. For the next reporting periods, conversion factor will be updated based on actual information on input and output volumes.

BP has only one supplier of roundwood. Change of ownership occurs directly at the certified harvesting sites. The roundwood is delivered to the production site. After being sorted at the production site low grade roundwood goes to pellet production and saw logs goes to the sawmill.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

Onsite audit was conducted on January 29-30, 2020 (2 working days). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	29/01/2020 09.00-09.30
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	29/01/2020 09.30-12.00
Chain of custody review (site tour); staff interview	Production facilities	29/01/2020 13.00-17.30
Documents and procedures review (SAR and energy use primary data); staff interview	Office	30/01/2020 09.00-17.00 (including lunch)
Closing meeting	Office	30/01/2020 17.00-17.30

### 6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Mikhail Rai, audit team leader	NEPCon auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with 4 SBP assessments and annual audits in Russia as SBP auditor in training.

<p>Nikolai Tochilov, witness auditor</p>	<p>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.</p>
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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 assessment, which started with an opening meeting attended by the representatives from Organisation’s management and staff.

Audit team leader introduced himself and the witness auditor, 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 document 5e 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.

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

The stakeholder consultation was carried out on November 26, 2019 by sending direct email to different stakeholder categories. No comments from the stakeholders have been received. List of informed stakeholders is the same which is used for FSC FM/COG assessments notification in Russia. This list was compiled by FSC Russia; it is available at FSC Russia homepage <https://ru.fsc.org/ru-ru> and includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, indigenous peoples’ communities (where applicable), state forestry authorities, trade unions etc.

## 7 Results

### 7.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; FSC 100% primary feedstock is sourced; non-certified feedstock is not accepted. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: theoretical (engineering) calculation of all the consumption data. However, in the next reporting period BP intends to collect all required data using actual processing measurements.

### 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 (including the prior debarking and chipping of the primary feedstock delivered onsite); diesel for harvesting; diesel for feedstock delivery and handling; diesel for biomass handling and shipping; electricity and diesel for biomass transportation to customer. A majority of consumption data is based on engineering calculations, since BP have used different type of feedstock (sawdust) prior the assessment and intends to use roundwood as a feedstock in the next reporting period. However, electricity consumption by pellet plant and office facilities for the period from the mill have been launched till the end of 2019 is based on readings obtained from an installed electric meter. Audit team considers calculated consumption of diesel for pellet production as overvalued. See OBS 01/20.

### 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 responsible person/certification manager (SBP procedures and systems updates, SAR, SBR, DTS, SREG (if applicable), SDIs, complaints, FSC CoC system); supervisor (handling distances, if applicable); head of pellet mill (registration of output volumes, conversion factor updates, moisture measurements, registration of diesel, electricity and biofuel consumption); accountant (registration of inputs); separate H&S responsible. Prior to and during SBP assessment, BP was supported by external consultant, who also has provided relevant training to BP staff.

### 7.5 Stakeholder feedback

No comments received from stakeholders prior to, during or after this assessment.

## 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.

<b>NC number</b> 01/20	<b>NC Grading:</b> Observation / Наблюдение
<b>Standard &amp; Requirement:</b>	SBP Instruction Document 5E V.1.1, 6.5.3 The BP shall justify the data and methodology used for reporting energy and carbon data and this shall be recorded in the SAR and verified by the CB.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>BP has justified a methodology and provided all relevant information on energy and carbon data in SAR. The audit team considered diesel consumption value at pellet plant as overvalued. As explained by BP's representatives, increased diesel consumption in the first reporting period could be related to the only engineering calculations have been used.</p> <p>Организация обосновала методологию и представила всю соответствующую информацию об энергетических и углеродных данных в SAR. Команда аудиторов считает данные о потреблении дизеля на пеллетном производстве завышенными. Представители Организации пояснили, что повышенное потребление дизеля за первый ревизионный период может быть связано с использованием исключительно теоретических расчётов.</p>	
<b>Timeline for Conformance:</b>	Other
<b>Evidence Provided by Company to close NC:</b>	-
<b>Findings for Evaluation of Evidence:</b>	-
<b>NC Status:</b>	

<b>NC number</b> 02/20	<b>NC Grading:</b> Minor / Незначительное
<b>Standard &amp; Requirement:</b>	SBP Framework Standard 2, Instruction Note 2C, 4.1 The report shall be concise, covering the most important features, and shall be

	completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Provided SBR does not include an indication of the number of suppliers for each SBP feedstock product group as required by SBR template. Furthermore, section 2.3 of Supply Base Report does not include a description of the process and results from the sampling programme undertaken to determine the proportion of final fellings which ends up in biomass compared to other end uses (for instance, sawmilling, pulp and paper milling etc.).</p> <p>Представленный отчёт о ресурсной базе не включает указание на количество поставщиков каждой группы SBP сырья, как того требуют указания для заполнения в шаблоне отчёта. Кроме того, в разделе 2.3 отчета о ресурсной базе не приведено описание процесса и результатов выборки, предпринятой для определения пропорций древесины, заготовленной при финальных рубках, которая в итоге используется в производстве пеллет, в сравнении с другими видами использования заготовленной древесины (например, лесопиление, целлюлозно-бумажная промышленность и т.п.).</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	-
<b>Findings for Evaluation of Evidence:</b>	-
<b>NC Status:</b>	<b>OPEN</b>

## 11 Certification decision

**Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:**

<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Ondrej Tarabus
<b>Date of decision:</b>	17/Mar/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>