

NEPCon Evaluation of Bratsk Pellets LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org



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*

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

© Copyright The Sustainable Biomass Program Limited 2018

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

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

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

Current report completion date: 08/May/2020

Report authors: : Nikolai Tochilov

Name of the Company: Bratsk Pellets LLC. Legal and production site address: 22/4 Dokovskaya str., Vihorevka, Bratsk district, Irkutsk region 665771, Russian Federation

Company contact for SBP: Anna Vorontsova, SBP responsible. Mob.: +79937772228; email: Anyuta.vorontsowa@gmail.com

Certified Supply Base: Russia, Irkutsk and Krasnoyarsk regions

SBP Certificate Code: SBP-07-97

Date of certificate issue: 11/May/2020

Date of certificate expiry: 10/May/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets for use in energy production, and its transportation by different means of transport to different end points all over the world. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

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

Organisation is a secondary manufacturer with the pellet production located in Irkutsk region, Russia. Annual production capacity of pellet plant is 25 000 tones.

Only FSC-certified secondary feedstock shall be used for FSC/SBP certified pellet production (sawdust and wood chips) and heating (barks and wood chips). FSC-certified secondary feedstock is delivered from two suppliers (primary manufacturers). One supplier is located next to pellet plant (delivery distance is app. 0,7 km); the other supplier is located in app. 40 km. In both cases feedstock is supplied by trucks.

The final product is packed in big bags and transported to customers usually by railway – although SBP certificate scope covers biomass transport by different means of transport to different end points all over the world, on different Incoterms delivery conditions.

Pellet plant was not commissioned at the moment of this assessment; management expects it to be commissioned in the beginning of April 2020.

5.2 Description of Company's Supply Base

The plant processes residues products (sawdust and wood chips) from sawmills of suppliers. Bratsk Pellets LLC receives FSC-certified secondary feedstock from two FSC certified suppliers. The species are: Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), a small percentage of Siberian spruce (*Picea obovata*), Siberian fir (*Abies sibirica*), and Siberian cedar pine (*Pinus sibirica*).

The supply base of Bratsk Pellets LLC is the forest fund of the Irkutsk region and the Krasnoyarsk Krai. The total area of the supply base is 228,1 million ha.

Krasnoyarsk Krai 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 m³ - 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%.

The forest fund of the Irkutsk region is 69,4 million hectares. According to the information contained in the regional Forest Plan, 12% of the country's forest reserves are concentrated in the region. But not all forest area is covered with forests. Some of them have been cut down and not yet replanted; part damaged by fires; about 1,6 million hectares are occupied by glades, ravines, roads, buildings, etc. The total standing stock is 8,8 billion m³, including the stock of coniferous stands – 7,5 billion m³.

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 Krai and the Irkutsk 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 Krai 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.). In the Irkutsk Region, Siberian Blue Spruce (*Picea obovate* Ledeb. Var. *Coerulea* Malysch) and Berry Apple Tree (*Malus baccata* (L.) Borkn.) are subject to conservation. Areas with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the both region.

BRATSK PELLETS LLC does not procure and does not purchase tree species listed in the IUCN or CITES list, as their habitat is outside the Supply Base.

Within the regions of the supply base, deep wood processing prevails over the export of round timber. The leading areas of processing are the production of lumber, pulp, paper and cardboard production, plywood, pellets and other.

The main enterprises of the forest industry in the Irkutsk region, which are also the largest tenants and loggers: JSC Ilim Group - manufacturer of pulp and cardboard; Omfal LLC, Ind-Timber LLC, Lesresurs LLC, PromLesTrade LLC, IP Zarechny, Madera CJSC - manufacturers of lumber and pellets; LLC TM Baikal, CJSC KATA, LLC Orion, LLC Lesobalt - manufacturers of lumber; Usolsky Plywood Plant LLC, Ilim Timber LLC - plywood manufacturers. The company Bratsk Pellets LLC is located in Ust-Ilimsk, Irkutsk Region and is not a logging enterprise. The company is considered as a small company and is a local tax payer.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	228,1 mln. ha
Tenure by type (ha):	public 228,1 mln. ha
Forest by type (ha):	boreal 228,1 mln. ha
Forest by management type (ha):	managed natural 228,1 mln. ha
Certified forest by scheme (ha):	10,7 mln. ha FSC-certified forest

Detailed information about BP's supply base may be found in Supply Base Report (English version) available at SBP website <https://sbp-cert.org/accreditations-and-certifications/certificate-holders/>. Russian version of Supply Base Report is also available and may be sent to any stakeholder by BP on request.

5.4 Chain of Custody system

BP hold valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000jmdU3AAI&type=certificate> and implements transfer system of claims. Only secondary feedstock (sawdust) is used in pellet production. Potential claims for feedstock inputs and biomass outputs are FSC 100% and FSC Mix Credit. BP intends processing FSC 100% inputs separately from FSC Mix Credit inputs. When it is technically not possible (delivered feedstock is mixed at the warehouse), all produced biomass will be sold with FSC Mix Credit claim.

Non-certified feedstock is not processed, neither used for heating.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on March 25-26, and April 25, 2020 (app. 8 h). Audit activities included documents review at office, inspection of production facilities and staff interviews. Regarding stakeholders’ consultation process, please see details in section 6.3 below.

Activity	Location	Date/time
Opening meeting	Office	25/03/2020 09.30-09.45
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, conversion factors, compliance with legal requirements, H&S, SAR and energy use primary data), staff interview.	Office	25/03/2020 09.45-13.00
Chain of custody review (site tour); staff interview	Production facilities	25/03/2020 15.00-16.00
Documents and procedures review (conversion factors, SAR and energy use primary data), staff interview.	Office	26/03/2020 09.00-12.30
Closing meeting	Office	26/03/2020 12.30-13.00
Stakeholders’ consultation process finalisation	Desk-based	25/04/2020
End of the assessment		25/04/2020

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 40 SBP assessments and annual audits in Russia and Europe.

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, 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. Biomass production was not started at the moment of auditor visit, but some FSC-certified feedstock was already in place, and relevant records were maintained.

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 March 25, 2020** by sending direct email to different stakeholder categories. 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.

Note: due to the worldwide COVID-19 pandemic, it was accepted by NEPCo, that onsite visit for SBP assessment is undertaken **earlier** than the stakeholder consultation period started prior to assessment onsite. However, 1-month stakeholders consultation period was followed; SBP certificate to be issued to BP after the completion of stakeholder consultations process.

No comments from stakeholder have been received during the period of stakeholder consultations.

7 Results

7.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% and FSC Mix Credit secondary 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: since the pellet plant is not commissioned at the moment of SBP assessment, all energy use data reported in SAR are based on engineering calculations.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The following energy sources are expected to be used by BP: electricity for pellet production; diesel for feedstock delivery and handling onsite; diesel for biomass handling, shipping and transportation to customer; electricity for biomass transportation to customer. All energy use data are based on engineering calculations, since the pellet plant is not commissioned at the moment of SBP assessment.

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: director, SBP responsible and pellet production foremen. Prior to and during SBP assessment, BP was supported by external consultant, who also have provided relevant training to BP staff.

7.5 Stakeholder feedback

No comments received from stakeholders prior, 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.*

No NCRs and/or Observations raised during this assessment.

It should be stressed that the pellet plant has not been commissioned yet, therefore all energy use data reported in SAR are based on engineering calculations. BP is aware of SBP requirement that they must inform the CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. In that case, a new audit shall be required as soon as stable operations have been reached during three (3) consecutive months after the change has occurred.

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):	Olesja Puiso
Date of decision:	08/May/2020
Other comments:	<i>Click or tap here to enter text.</i>