



# NEPCon Evaluation of Biofuel-Irkutsk LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

[www.sbp-cert.org](http://www.sbp-cert.org)



**The promise of good biomass**



# 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*

*Version 1.3: published 10 May 2018*

*Version 1.4: published 16 August 2018*

*© Copyright The Sustainable Biomass Program Limited 2018*

# Table of Contents

<b>1</b>	<b>Overview</b>
<b>2</b>	<b>Scope of the evaluation and SBP certificate</b>
<b>3</b>	<b>Specific objective</b>
<b>4</b>	<b>SBP Standards utilised</b>
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
<b>5</b>	<b>Description of Company, Supply Base and Forest Management</b>
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
<b>6</b>	<b>Evaluation process</b>
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
<b>7</b>	<b>Results</b>
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
<b>8</b>	<b>Review of Company's Risk Assessments</b>
<b>9</b>	<b>Review of Company's mitigation measures</b>
<b>10</b>	<b>Non-conformities and observations</b>
<b>11</b>	<b>Certification recommendation</b>

# 1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +34 605 638 383
Current report completion date:	05/Nov/2020
Report authors:	Nikolai Tochilov
Name of the Company:	Biofuel-Irkutsk LLC. Legal address: 7, 124/1 Baykalskaya street, Irkutsk, 664046, Russian Federation. Production site address: 209A, Polyarnaya street, Irkutsk 664014, Russian Federation.
Company contact for SBP:	Evgenia Surkova, tel.: +73952485907; email: surkova@alpirk.ru
Certified Supply Base:	Irkutsk region, Russia
SBP Certificate Code:	SBP-08-22
Date of certificate issue:	06/Nov/2020
Date of certificate expiry:	05/Nov/2025

This report relates to the Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

Scope description: Production of wood pellets in Irkutsk, Russia, 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. 1.1.

## 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

Biofuel-Irkutsk LLC is a secondary manufacturer located in Irkutsk, Russia. The company was established in 2019. Mixture of sawdust and wood chips (species composition – *Larix sibirica*, *Pinus sylvestris*) with FSC 100% claim is used in pellet production. The feedstock is sourced from a single FSC-certified producer (primary manufacturer) which is located at the same production site.

Pellet plant was commissioned in September 2020, with the annual production capacity of 33 600 tones.

## 5.2 Description of Company's Supply Base

The plant utilizes residues (sawdust and wood chips) from the supplier's sawmill. Biofuel-Irkutsk LLC is currently receiving non-certified secondary feedstock and SBP-compliant secondary feedstock from the supplier. SBP-compliant secondary feedstock with FSC claims are 100% physically separated from non-certified. Species composition: Siberian larch (*Larix sibirica*), Scots pine (*Pinus sylvestris*).

The supply base of Biofuel-Irkutsk LLC is the forest fund of the Irkutsk region.

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 m<sup>3</sup>, including the stock of coniferous stands – 7,5 billion m<sup>3</sup>.

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 (about 30%) or the promotion of natural regeneration (about 70%). 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 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. 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 Irkutsk region.

Biofuel-Irkutsk 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 Biofuel-Irkutsk LLC is located in Irkutsk, Irkutsk Region, and is not a logging enterprise.

Less than 1% of the total harvested timber in Irkutsk region is processed to biofuel.

The company provides jobs for local people. The company is a small business and pays taxes in the local budget.

## 5.3 Detailed description of Supply Base

Total Supply Base area (ha):	69,4 mln. ha
Tenure by type (ha):	public 69,4 mln. ha
Forest by type (ha):	boreal 56,6 mln. ha / temperate 12,8 mln. ha
Forest by management type (ha):	managed natural 69,4 mln. ha
Certified forest by scheme (ha):	10,0 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

The BP has successfully passed FSC CoC assessment, completed along with this SBP assessment (FSC CoC certificate code: NC-COC-061880).

FSC transfer system of claims is implemented. BP sources the secondary feedstock (mixture of sawdust and wood chips) with FSC 100% claim from a single FSC-certified manufacturer located in the neighbourhood to the pellet plant.

Non-certified secondary feedstock will also be sourced by BP from the same feedstock supplier. Physical segregation of certified and non-certified wood material will be ensured by BP at all production stages, starting from the feedstock delivery and unloading, and ending with biomass packing, storage and shipping to customers.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

Assessment was conducted on October 02-03, 2020 (total app. 9 hours). Audit activities included documents review, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Irkutsk, BP's office	02/10/2020 09.00-09.15
Evaluation of critical control points in FSC CoC system (specifically, conversion factor)  SBP-related documents review (SBP Procedure, SBR); interview with SBP and FSC CoC responsible	Irkutsk, BP's office	02/10/2020 09.15-13.00
Break		02/10/2020 13.00-14.00
SBP-related documents review (SAR, primary calculations of GHG data)	Irkutsk, BP's office	02/10/2020 14.00-18.00
Inspection of the production facilities (chain of custody review), documents review and staff interview onsite	Irkutsk, pellet plant	03/10/2020 10.00-11.00
Closing meeting	Irkutsk, pellet plant	03/10/2020 11.00-11.30
Ending of stakeholders consultation process	-	09/10/2020

## 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 50 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:

Assessment started with the opening meeting in with the BP management.

Audit team leader introduced the audit team, provided information about audit plan, methodology, auditors qualifications, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the auditor explained CB's accreditation 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. During the process, overall responsible person for SBP and FSC system and other staff members were interviewed. Furthermore, the audit activities included roundtrip at the pellet plant and staff interviews, focusing on verification of energy use data included in SAR as well as the critical control points in FSC CoC control system.

Finally, at the end of the assessment, findings were summarised and conclusions based on use of 3 angle evaluation method were provided to BP management, during the closing meeting.

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>

Note: this SBP assessment was conducted by the same audit team along with the FSC CoC assessment.

## 6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on September 09, 2020 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/COC 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: Robust recordkeeping system. Good awareness of certification requirements by involved staff. All feedstock used in FSC/SBP-certified biomass production and drying (as biofuel) is FSC 100%-certified.

Weaknesses: no weaknesses identified during this assessment. Potentially, as the weak point could be considered that all energy use data in SAR are based on combination of actual consumption values and engineering calculations – but this is only because the pellet plant has just been commissioned prior to SBP assessment.

## 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; biofuel for drying the feedstock; diesel for feedstock delivery and handling; diesel for biomass handling and shipping; diesel and electricity for biomass delivery to customer. Energy use data is based on combination of actual consumption values (diesel for feedstock and biomass handling onsite, electricity use by pellet plant) and engineering calculations, it was reviewed and accepted by auditor. No non-conformities identified in this relation.

## 7.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities. There are few staff members involved in SBP certification:

- SBP responsible (FSC CoC responsible; development and updating of SBP Procedure, Supply Base Report, SAR; management and monitoring; review of complaints related to SBP certification; SBP trademark use, DTS);
- Director General (conversion factor establishment; H&S; EUTR; compliance with legal requirements);
- Feedstock procurement specialist (acceptance of FSC-certified feedstock onsite; registration of feedstock inputs to pellet production; switching from non-certified to certified production and back; moisture value measurements);
- Pellet production chief (electricity and diesel consumption; biofuel consumption by dryer).

Furthermore, BP is continuously supported by external consultant Tatiana Savelyeva (Biomass Consult).

## 7.5 Stakeholder feedback

No feedback 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

No NCRs identified during this assessment.

# 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>	Olesja Puiso
<b>Date of decision:</b>	05/Nov/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>