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

Re-assessment

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Table of Contents

1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Mikhail Rai
Audit team members:	Mikhail Rai
Name of the Company:	Rusforest Magistralniy LLC
Company legal address:	2/5 Zavodskaya Street, Magistralniy, 666505 Kazachincko-Lenskiy Rayon, Russia
Company contact for SBP:	Nadezhda Ovchinnikova
Company contact email:	onn@lesresurs.com
Company website:	N/A
SBP Certificate Code:	SBP-01-37
Date of certificate issue:	03 Oct 2016
Date of certificate expiry:	02 Oct 2021
Audit closing meeting date:	22 Jan 2021
Audit cycle:	Re-assessment

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Secondary	☐
Feedstock origin (countries):	Russia	☐
SBP-endorsed Regional Risk Assessments used: **Public link:** https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: NC-COC-014069, NC-CW-014069	☐
	Credit	☐

2.1 Description of the company

The Organization is a primary (sawmilling) and secondary (pellets) producer located in Magistralniy, Irkutsk region. The 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 is used for dryer. Final product is transported in big bags by railway to S.Petersburg harbour. Round wood (used in the comapany sawmill) with FSC 100% claim is delivered from company's own FSC certified forest management units in Irkutsk region, its share is about 86% in total supplies. The rest 14% 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).

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC CoC certificate covering the primary (sawmilling) and secondary (pellet production) processing https://info.fsc.org/details.php?id=a02400000095FmJAAU&type=certificate. Primary feedstock (roundwood) could be purchased with different claims: FSC 100%, FSC Mix Credit, FSC Controlled Wood. Also, roundwood from non-certified suppliers, controlled under the BP's DDS is purchased (controlled material). Non-certified feedstock is not accepted. The BP implements an FSC credit system of claims. All pellets are made form in-house sawmilling residues (wood chips and sawdust) and have an FSC Mix Credit claim. For heating the BP uses bark also a residue from in-house sawmilling. Implemented conversion factor is calculated monthly based on actual measurement of the number of front loader buckets and weight of wood pellets. For the credit account the BP uses a conversion factor established every year based on the results of a previous year. There is no invoicing inside the BP. Instead, economist prepares internal reports on a monthly basis. It includes a description of the feedstock (sawdust, wood chips, bark), the volume of physical input (based actual volume of feedstock used), production results and other relevant information.

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. 1.3.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Mikhail Rai	4,5
2. On-site (excl. travel time)	Mikhail Rai	18,0
3. Report writing	Mikhail Rai	18,5
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Desk part opening meeting	Remotely via Skype	Mikhail Rai	19 Nov 2020/08:00
Documents review	Preferred by Nature office	Mikhail Rai	19 Nov 2020/08:30
Staff interview. SBR, SAR.	Remotely via Skype	Mikhail Rai	19 Nov 2020/10:00
Documents review	Preferred by Nature office	Mikhail Rai	20 Nov 2020/07:00
Staff interview.	Remotely via	Mikhail Rai	20 Nov 2020/10:30

SBR, SAR.	Skype		
Desk part closing meeting	Remotely via Skype	Mikhail Rai	20 Nov 2020/12:30
Field part opening meeting	Office	Mikhail Rai	22 Jan 2021/09:00
H&S briefing and staff interview	Office	Mikhail Rai	22 Jan 2021/09:30
Site tour	Production site	Mikhail Rai	22 Jan 2021/10:00
GHG Data overview and SAR	Office	Mikhail Rai	22 Jan 2021/13:30
Closing meeting	Office	Mikhail Rai	22 Jan 2021/15:30

Auditor qualification		
Auditor name	**Role**	**Qualification**
Mikhail Rai	Audit team leader	Preferred by Nature SBP lead auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with several SBP assessments and annual audits in Russia and Belarus.

4.2 Description of evaluation activities

Due to the COVID-19 reason the reassessment was split into two parts starting with remote re-assessment in November 2020 and finishing the onsite part in the first quarter of 2021.

The evaluation 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 prior to the reassessment, which started with an opening meeting attended by the representatives from Organisation's management and staff.

Initial part of the reassessment has been conducted using ICT tools. During the opening meeting via Skype the audit team leader introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. The audit team leader 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 and categorisation of input and verification of SBP-compliant biomass. During the process, overall responsible person for SBP system and other staff were interviewed.

Chain of Custody implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and it's classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales.

At the end of the desk part of the reassessment, findings were summarised, and preliminary audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

In January 2021 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.

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4.3 Sampling methodology

When preparing to the reassessment and during on-site work a sampling has been implemented, based on the following criteria: • A review of documentation related to energy and carbon data is implemented for the chosen periods to compare summary data per month, collected for SAR, and correctness of its calculation based on data per each day or per each shift. • For evaluation of DTS, input and output trade and transport documentation, and the correctness of claims a sampling of different kinds of documents for the reporting period is implemented (e.g. waybills, invoices, bills of landing, etc.). • Sampling is based on a risk approach, taking into account the following: - Changes in a management system; - Standards requirements update; - Staff changes; - Market development; - Most and less productive periods; etc. • In case when data is collected once per month (e.g. invoices from external supplier of services), 100% sampling of documents is implemented. • Production facilities inspection, as well as interviews with staff, are mandatorily conducted

during every audit. The focus is a key staff responsible for the management of processes at a particular department or site. Nevertheless, interviews with staff intimately conducting a certain activity are conducted, since credibility and relevance of the collected data or physical segregation (if applicable) depends on their knowledge.

4.4 CB stakeholder engagement

The stakeholder consultation was carried out on November 10, 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.

4.5 Stakeholder feedback

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

5 Results

5.1 Main strengths and weaknesses

Strengths:

- Use of the FSC credit system; only FSC Mix Credit and FSC Controlled Wood 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.
- Separate certification department.

Weaknesses: See NCR section.

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The following energy sources are used by the BP:

- electricity for pellet production;
- diesel for feedstock delivery and handling;
- diesel and electricity for biomass transportation to customer;
- biofuel for heating;

Diesel consumption value by loaders and trains is based on actual refueling data obtained in accountancy. Electricity consumption by pellet plant (including office facilities and staffrooms) is based on readings obtained from installed electric meters. Biofuel consumption is based the on actual measurement of shovels.

The BP implements a robust system of data collection independently of the SBP certification. Methodology and periods used by BP allows to collect and communicate the most recent and accurate data.

5.4 Competency of involved personnel

Overall, the BP staff showed a good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved in SBP certification:

- Director of wood processing (appointment of SBP responsible, overall responsibility);
- SBP responsible (EUTR requirements and DDS implementation, chain of custody, SBP procedures and systems updates, SAR, SBR and feedstock origin, SREG (if applicable), registration of inputs and outputs, SDIs, distances, DTS, complaints, trademark);
- Economist (energy and carbon data consolidation);
- Head of resource protection department (anti-bribery policy and code of conduct);
- Head of sales department (trade and tax legislation, sales);
- Chief accountant (overall accounting, invoices);
- Head of the pellet production site or chief supervisor (complaints, moisture measurements);
- Technologist (conversion factor updates);
- Chief electrician (registration of electricity).

Also, the BP shared responsibilities between staff intimately involved in pellet production. Their responsibilities are described in the internal instructions and in staff manuals.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Not applicable.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000012	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
The provided SBR does not include a comparison of the scale of harvesting compared to other forest-based industries in the region as required by the SBR template. Furthermore, the list of tree species provided in section 2.1 of the SBR does not match a list in BP's FSC CoC scope. The BP has not provided any justified evidence of which species are used or could be used to produce pellets. Minor NCR has been issued.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Updated SBR. See also http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2020_en.pdf Comments from the SBP responsible.
Findings for Evaluation of Evidence:	The BP has analysed the reasons for non-conformance. As per BP, a major reason is not correct translation of the SBR template from English to Russian influenced the content of the provided SBR. During the reassessment (in the period between desk and on-site parts) the BP has provided an updated SBR. The BP has included in the updated SBR an information regarding comparison of the scale of harvesting compared to other forest-based industries in the region. Non-conformity in terms of species was caused by differences in the list of species in FM and CoC certificates. The SBP Responsible analysed both lists and actual data of inputs at the production (sawmill). The updated list and the most recent data are now provided in the updated SBR. A detailed information could be found in the report and on BP's website. Actions undertaken by the BP is sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000013	NC Grading: Minor

Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
The provided SBP Procedure and relevant attachments (please see the archive in Exhibit 2) are not up to date. A text in several appendixes refers to the outdated instructions and includes statements that are not applicable to date. The SBP procedure itself has minor mistakes in the designation of responsibilities, not actual data regarding species used for pellet productions, gaps in the description of transport used at the pellet mill, etc. Since these inaccuracies and mistakes do not lead to the gaps in management system implementation, a minor NCR has been issued.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Updated SBP Procedure with appendixes; Comments from the SBP responsible.
Findings for Evaluation of Evidence:	The SBP Responsible declared that the reason for non-conformity was a technical failure when editing and saving the procedures. The SBP Responsible will double-check the updated procedures and documents prior to introducing them. Also, relevant staff from the BP's certification department will be involved. The BP provided an updated SBP Procedure and updated appendixes. Identified inaccuracies and mistakes were corrected. Actions undertaken by the BP is sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000235	**NC Grading: Minor**
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4
Requirement:	6.5.1 The BP shall operate a management system including logbooks or electronic code/card systems to allocate the use of fossil fuel to processing or transport.
Description of Non-conformance and Related Evidence:	
It was revealed during verification of the electronic database and waybills on paper, that there is a difference in 2 separate waybills in August and December 2020. The vehicle used for feedstock handling declared in the paper version of the waybill is different from the electronic ones. Different vehicle has a different shovel. It caused a difference in the registration of feedstock at the input at the pellet mill. The	

following aspects were evaluated and considered: • Only August 2020 is in the reporting period; • Calculation showed that the mistake is about 100 solid cubic meters of feedstock, which is less than 0,1% of all feedstock input during the reporting period. Taking into account the above, a minor NCR has been raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

NC number NC-000234	**NC Grading: Minor**
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4
Requirement:	3.3.2 The characteristics of biomass shall be able to be traced back to the characteristics and quantities of incoming feedstock, taking into account the applicable conversion factors
Description of Non-conformance and Related Evidence:	
Procedures implemented in the BP are not sufficient to trace the characteristics of biomass back to the characteristics and quantities of incoming feedstock. Based on an engineering calculation using the relative moisture formula with the data provided by the BP (mass and moisture of feedstock and pellets) the conversion factor equals 1,96 tons of feedstock per ton of pellets (ton/ton). The CF established in the BP based on actual measurements equals 2,26 ton/ton. Therefore, the real production is lower than the theoretical one on 13,4 %. The BP has provided the following justification for the possible reasons for the discrepancy: • Wrong volume of shovels due to the lack of remeasurements; • Wrong density due to the species composition and incorrect tabular data used; • Loss when handling; • Incorrect moisture measurements or mistakes in calculations. The BP has scheduled corrective actions to reveal the root cause of the discrepancy and to improve the system. Taking into account the above, a minor NCR has been raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

8 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
Date of decision:	14 Apr 2021
Other comments:	N/A