



NEPCon OÜ Evaluation of Zarechniy VA IP (Kuriaty) 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 1.5

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

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Nikolai Tochilov
Audit team members:	-
Name of the Company:	Zarechniy VA IP (Kuriaty)
Company legal address:	Tutcheva str., 8, Nizhniudinkiy district, Irkutsk region, 665111 vil. Melnitsa, Russia
Company contact for SBP:	Darya Usacheva
Company contact email:	dasha118mail.ru@mail.ru
Company website:	N/A
SBP Certificate Code:	SBP-08-45
Date of certificate issue:	23 Jul 2021
Date of certificate expiry:	22 Jul 2026
Audit closing meeting date:	23 Apr 2021
Audit cycle:	Main (Initial) Audit

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	<input type="checkbox"/>
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; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Secondary	<input type="checkbox"/>
Feedstock origin (countries):	Russia	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used:	Not applicable	<input type="checkbox"/>
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		<input type="checkbox"/>
Chain of custody system implemented:	FSC: NC-COC-053082	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

2.1 Description of the company

Organisation is a primary (sawmilling) and secondary (pellet milling) processor located in Nizhneudinskiy district of Irkutsk region. There are two production sites (Rubahina and Kuryaty), both having sawmilling facilities and pellet plants. Own sawmilling residues (secondary feedstock) are used to produce the pellets. Roundwood for sawmilling is delivered by trucks. Wood pellets are shipped to customers by railway. The scope of this SBP certification covers the pellet plant at Kuryaty site. Total annual production capacity of the pellet plant is 16000 MT.

2.2 Detailed description of the Chain of Custody system

Organisation holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000m33tMAAQ&type=certificate> which scope covers both production sites, and implements FSC transfer system of claims. At the moment of this assessment, production site Kuryaty processed only non-certified wood material. However, when needed, Organisation will transport by trucks the secondary feedstock (sawdust and wood chips) with FSC 100% from Rubahina production site to the pellet plant at Kuryaty site. The waybills will contain specification of FSC claim (FSC 100%). It is not expected to specify the certificate code, as the secondary feedstock transportation from Organisation's one production site to another is considered as internal production process. Upon delivery, Organisation will ensure physical segregation of the feedstock with FSC 100% claim from non-certified feedstock, processing different types of the feedstock in different time periods. In case of unintended mixing of the feedstock, Organisation would consider all feedstock as non-certified feedstock.

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

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Nikolai Tochilov	1,0
2. On-site (excl. travel time)	Nikolai Tochilov	15,0
3. Report writing	Nikolai Tochilov	7,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	BP office	Nikolai Tochilov	20 Apr 2021/13:00
<i>H&S training to auditor; documents review regarding H&S</i>	BP office	Nikolai Tochilov	20 Apr 2021/13:30
<i>Evaluation of feedstock input groups and Supply Base Report</i>	BP office	Nikolai Tochilov	20 Apr 2021/14:00

<i>Review of SBP documented procedure</i>	BP office	Nikolai Tochilov	20 Apr 2021/16:00
<i>End of the day</i>	BP office	Nikolai Tochilov	20 Apr 2021/17:00
<i>Evaluation of CoC critical control points (including storage site visit)</i>	BP office	Nikolai Tochilov	21 Apr 2021/10:00
<i>Evaluation of management and monitoring system system; compliance with legal requirements; anti-corruption policy</i>	BP office	Nikolai Tochilov	21 Apr 2021/14:00
<i>End of the day</i>	BP office	Nikolai Tochilov	21 Apr 2021/17:00
<i>Energy use data review (including SAR)</i>	BP office	Nikolai Tochilov	22 Apr 2021/10:00
<i>Onsite inspection, including the storage site at railway deadlock</i>	Pellet plant (Kuryaty)	Nikolai Tochilov	22 Apr 2021/15:00
<i>Energy use data review (including SAR)</i>	BP office	Nikolai Tochilov	23 Apr 2021/13:00
<i>Closing meeting</i>	BP office	Nikolai Tochilov	23 Apr 2021/16:30
<i>End of evaluation</i>	BP office	Nikolai Tochilov	23 Apr 2021/17:00

Auditor qualification		
Auditor name	Role	Qualification
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 60 SBP assessments and annual audits in Russia, Europe and Asia.

4.2 Description of evaluation activities

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.

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 at the beginning of the audit, which started with an opening meeting attended by the representatives from Organisation's management and staff.

During the opening meeting, 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 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 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, 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. Furthermore, auditor inspected the storage site (warehouse) at the railway deadlock, where the big bags with biomass are stored prior to its shipping to the customer. 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.

4.3 Sampling methodology

Staff interviews: the key staff involved in SBP certification was interviewed during the audit. Onsite inspection: during onsite inspection, auditor went through the whole production, starting with feedstock delivery to the pellet plant and ending with the storage of the biomass and its shipping to customers. Documents review: auditor has verified all records related to feedstock input and biomass output; moisture measurements; electricity and diesel consumption. Special attention was paid to justification of conversion factor for pellet production, established by Organisation annually.

4.4 CB stakeholder engagement

The stakeholder consultation was carried out on March 24, 2021 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 feedback have been received from stakeholders prior to, during and after the assessment.

5 Results

5.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% secondary feedstock is sourced. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: please see major NCR 01/21.

5.2 Rigour of Supply Base Evaluation

not applicable.

5.3 Collection and communication of data

At the moment of the assessment, the management system is in place: documented procedures related to SBP certification and procedures for energy use data obtaining and registration are developed and implemented; responsible staff appointed. All steps where energy use occurs are included in the management system. The following energy sources are used by BP: electricity for pellet production and for biomass transportation to customer; biofuel for drying the feedstock; diesel for feedstock handling and biomass shipping and transportation to customer.

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities.

Chief of pellet production is responsible for SBP management and monitoring system; staff training; updates of SBP procedure, SBR and SAR; complaints resolution; collects information of energy use data (for SAR) from other responsible staff members.

Lawyer is responsible for compliance with legal requirements; SBP trademark use; EUTR.

Declarant is responsible for specification of PBid and SBP claim in invoices (when applicable).

Deputy head on economics and finances is responsible for DTS and determination of SDIs.

Pellet plant operators are responsible for registration of the amount of feedstock submitted to the pellet production.

Chief power engineer is responsible for registration electricity consumption by pellet plant.

Economist is responsible for registration of the diesel consumption at pellet plant.

Chief of H&S department is responsible for H&S.

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-000488	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	6.3.1 The legal owner shall implement the requirements of either: PEFC 2002:2013 Section 9: Social, Health and Safety requirements in CoC, Or FSC-STD-40-004 V2-1 EN Section 1.6: Occupational Health and Safety Or the latest versions of these documents
Description of Non-conformance and Related Evidence:	
There is a H&S department in Organisation, and separate H&S responsible is assigned at each production site. Documents review confirmed that the H&S instructions for staff are developed, and relevant staff training is implemented. Staff members at the pellet plant are not provided with and do not use the work clothes and work boots.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Written explanations from Organisation Letter from work clothes supplier, dated of 21.07.2020 Letter from work clothes supplier, dated of 23.04.2021 Order of Organisation's owner, #29 dated of 17.05.2021 Pictures
Findings for Evaluation of Evidence:	Organisation explained that due to adverse situation with Covid-19 pandemic in 2019-2021, working clothes supplier (which is located in Krasnoyarsk) experienced serious problems with timely supply of the working clothes to Organisation. Some of the orders have not been fulfilled even at the moment of this assessment. In order to improve the situation, Organisation has concluded the supply contract with the other supplier, located in Bratsk city. This influenced positively to the working clothes supplies. Organisation also explained that H&S engineer is going to create the schedule of the working clothes issue to the staff members of all Organisation's departments, which should resolve the problem of the timely provision of the working clothes to the workers. Additionally, Organisation has submitted the documents confirming provision of the working clothes and boots to the pellet plant workers, which was additionally confirmed with the group photo of the staff members.
NC Status:	Closed

NC number NC-000489	NC Grading: Observation
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.
Description of Non-conformance and Related Evidence:	
Feedstock amount was not measured during the reporting period. From now, the amount of feedstock is measured by the number of front-end loader buckets supplied into production. BP is recommended to measure the amount of the feedstock supplied to production, in order to be able to justify the mass of the feedstock used in production for the next reporting period.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-000490	NC Grading: Observation
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4
Requirement:	6.8.1 The BP shall record the electricity consumed during the Reporting Period, stated as kWh per tonne of biomass output.
Description of Non-conformance and Related Evidence:	
Pellet plant is not covered with the separate kWh-meter, that's why the engineering calculation of electricity consumption by pellet plant was undertaken, based on installed capacity of the electric equipment, which resulted to 197,4 kWh/MT biomass. Auditor considers this value as too high; it is recommended to implement more precise method to determine more accurate result of electricity consumption by pellet plant.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A

Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

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):	Ondrej Tarabus
Date of decision:	21 Jul 2021
Other comments:	N/A