



Forest Certification LLC Evaluation of Magic Grove 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 1.5

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: Forest Certification LLC

Primary CB contact for SBP: Aleksei Savulidi

Primary CB contact email: alexey.savulidi@fcert.ru

Audit team leader: Nikolai Stashkevich

Audit team members: Nikolai Stashkevich, Eino Levkoe

Name of the Company: Magic Grove LLC

Company legal address: Marshal Govorov street, 198097 St. Petersburg, Russia

Company contact for SBP: Alexey Litvinov

Company contact email: Les1magic@gmail.com

Company website: N/A

SBP Certificate Code: SBP-09-14

Date of certificate issue: 07 Sep 2021

Date of certificate expiry: 06 Sep 2026

Audit closing meeting date: 22 Jun 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	Chips	<input type="checkbox"/>

Feedstock types:	Primary	<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: FC-COC-001837, FC-CW-001837	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

2.1 Description of the company

Magic Grove LLC is a trading company that buys and sells roundwood, fuelwood, and wood chips with physical ownership. Magic Grove LLC also carries out the production of fuel chips by the outsourcing contractor and its implementation (in the plans - with FSC and SBP claims). The office of the organization is in St. Petersburg. The legal address of the organization is 198095, St. Petersburg, st. Marshal Govorov, 29, lit. K, pom. 1H № 81. Intermediate stocks (sites near settlements and roads for temporary storage of timber) and harvesting plots of suppliers, where wood (fuel wood) is crushed into chips, can be considered as production sites. Current contracts with suppliers provide for 4 intermediate stocks: the villages of Poddubye, Beloe, Butkovo, Bolshie Bereznitsy and the urban-type settlement of Vyritsa. Then the chips are shipped to the port. Crushing of chips is carried out by the contractor Liga-Les LLC; contracts have been signed with the contractor for chip crushing, transportation and rotation. The storage of timber products of the enterprise is carried out at the sites in the Ust-Luga seaport and the Lomonosov port. Storage and loading and unloading operations in ports are carried out by contractors involved (Forest Terminal Factor OJSC in Ust-Luga seaport and Baltimor LLC in Lomonosov port). Supply Base of Magic Grove LLC is a forest fund of two declared suppliers in the Leningrad Region: 1 certified (34059.31 ha) and 1 controlled (subsupplier lease area - 46266 ha). Accordingly, the receipt of materials of two categories is provided: FSC 100% from a certified supplier and FSC Control Wood - from a controlled supplier, after its assessment according to the organization's DDS. The company has provided for the use of a transfer control system for FSC claims, as well as physical separation of materials of different categories.

2.2 Detailed description of the Chain of Custody system

Magic Grove LLC had the FSC COC audit in one week with the FSC COC/CW main audit. Magic Grove LLC manufactures (by an outsourced contractor) chips from purchased fuelwood from FSC certified, controlled and non-certified suppliers. It is allowed to crush chips from felling residues, fragments of trunks, branches and other logging waste. At the time of the audit, the organization declared 1 certified and 1 controlled

supplier, assessed within the framework of the implemented DDS. Chips produced from FSS certified raw materials (FC-FM/COC-643397, SA-COC-007053; category - FSC 100%) are planned to be sold as SBP-compliant biomass; chips produced from controlled raw materials (after confirming their compliance with the FSC Controlled Wood status), as SBP-controlled biomass. The FSC scheme provides for the use of a transfer control system for FSC claims, as well as physical separation if it is necessary to use uncertified material (according to Manual for FSC Chain of Custody and Controlled Wood certification). Chips are delivered by the contractor for processing to the ports of Ust-Luga and Lomonosov, where the contractors involved in storage and handling operations ensure their placement and loading onto ships. At the time of the audit, when visiting the port, there is no separation of chips of different categories. At the same time, the interviewed employees (including contractors in ports) confirmed the need to separate materials of different categories.

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;
- Assess compliance against Instruction Document 5E: Collection and Communication of Energy and Carbon Data (Version 1.4 March 2021).

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Nikolai Stashkevich, Eino Levkoev	4,0
2. On-site (excl. travel time)	Nikolai Stashkevich, Eino Levkoev	16,0
3. Report writing	Nikolai Stashkevich, Eino Levkoev	24,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Office	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/08:00
<i>Interviews with management and leading specialists of the enterprise</i>	Office	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/08:30
<i>Analysis of the resource base report</i>	Office	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/09:30
<i>Analysis of the internal</i>	Office	Nikolai Stashkevich,	21 Jun 2021/10:00

<i>documentation of the enterprise developed as part of the SBP certification</i>		Eino Levkoev	
<i>Visit to the parking lot of the chipper and storage sites in the ports</i>	Subcontractor's sites	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/13:00
<i>Validation of an FSC COC enterprise supply chain system</i>	Subcontractor's sites	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/15:00
<i>Interviews with employees</i>	Subcontractor's sites	Nikolai Stashkevich, Eino Levkoev	21 Jun 2021/15:30
<i>Visiting a logging site and an intermediate stock of a controlled supplier's fuelwood (storage place for fuelwood for processing into chips)</i>	Supplier's sites	Nikolai Stashkevich, Eino Levkoev	22 Jun 2021/08:00
<i>Work with enterprise documentation. Fill out a checklist for applicable</i>	Office	Nikolai Stashkevich, Eino Levkoev	22 Jun 2021/14:00
<i>Validation of the collection of SBP data on GHG, energy, carbon and stability characteristics</i>	Office	Nikolai Stashkevich, Eino Levkoev	22 Jun 2021/14:00

<i>Preparation of preliminary audit findings</i>	Office	Nikolai Stashkevich, Eino Levkoev	22 Jun 2021/16:15
<i>Closing meeting. Summing up the preliminary results of the audit</i>	Office	Nikolai Stashkevich, Eino Levkoev	22 Jun 2021/16:30

Auditor qualification		
Auditor name	Role	Qualification
Nikolai Stashkevich	audit team leader	Forest Certification SBP lead auditor. He has successfully passed SBP auditor training in Berlin on 3-4 September 2019. Auditor had more than 100 audit-days in each of last years (2016-2020) on FSC and PEFC as a lead auditor or as an auditor (without desk-audits). SBP accreditation audit has been successfully completed.
Eino Levkoev	trainee auditor	Forest Certification SBP trainee auditor. He has successfully passed SBP auditor training.

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 applicable 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 internal SBP procedure (SBP Manual), SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company prior to the assessment and lead auditor had enough time to review it and get well prepared for onsite visit. Assessment started with an opening meeting attended by the representatives from Organization's management. Auditor 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 and SBP-controlled biomass. During the process, overall responsible person for SBP system - SBP in-charge (by proxy) and general director were interviewed.

After that, the auditor and the client's SBP in-charge person visited the parking lot of the chipping machine at the contractor's base (the second machine was geographically located in the Nizhny Novgorod region, outside the delivery territory of the controlled supplier), as well as the ports of Ust-Luga and Lomonosov, where Magic Grove materials (including chips) are stored. The next day there was a visit to the harvesting area of the controlled supplier and the storage area of the timber (fuel wood) removed from the harvesting area, where the chipper will come and from where it will go to the port.

During the field assessment, applicable records were reviewed, staff was interviewed, and FSC system critical control points were analyzed.

These two days were also spent on checking accounting materials, documentary evidence of the data indicated in them (including in the SAR), discussing the indicated values, keeping records with the employees responsible for accounting. In parallel with the above, checklists were filled in based on the results of the audit.

At the end of the assessment findings were summarised and assessment were provided to the management and SBP responsible person.

4.3 Sampling methodology

During the office and field assessment (checking the harvesting plot and intermediate stock of fuel wood of the controlled supplier, as well as storage areas for wood chips in the ports of Ust-Luga and Lomonosov), data accounting in the excel forms (Magic Grove summary Excel file which summarizes all information on processed wood chips, diesel fuel consumption, equipment used and delivery distances; excel files of accounting of incoming materials from representatives of the ports of Ust-Luga and Lomonosov) were checked). The available OHAS materials were evaluated. The interviewees were: the person responsible for SBP certification and the general director of Magic Grove LLC (identified as responsible according to the internal SBP procedure), as well as representatives of all three subcontractors (responsible for the production and delivery of chips, as well as for its acceptance, storage, loading and unloading in the ports of Ust-Luga and Lomonosov). Questions were asked on the collection of data on energy consumption, on accounting, on the control of critical control points, on the requirements of the applicable SBP standards and the internal SBP procedure (SBP Manual) developed on their basis. The supply chain was passed from logging site and controlled material storage site, where they will be processed into chips to the sites where Magic Grove materials are stored at sites in both ports. The current parking lot of the chipper was also visited (located at the subcontractor's base). There are no other storage locations within the declared scope of certification (confirmed by the management of Magic Grove LLC). Data has been requested and verified to confirm the SBR and SAR values. The selection of objects to be visited, personnel to be interviewed and documents to be checked is due to the methodology regulated in FC-SBP-PRC-BP-4.2 v.1.4 Certification assessment according to the SBP system.

4.4 CB stakeholder engagement

13/05/2021 the information letter (e-mail) was sent to the stakeholders. More than 60 stakeholders was informed about the assessment. List of informed stakeholders includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, state forestry authorities, trade unions etc.

4.5 Stakeholder feedback

No feedback has been received from stakeholders.

5 Results

5.1 Main strengths and weaknesses

Strengths: The organization has been a controlled supplier of an FSC-certified organization for 5 years, and its management is well aware of the requirements for FSC chain of custody certification, incl. in terms of supplier control.

Weaknesses:

- SBR is not completed on the official SBP portal (<https://portal.sbp-cert.org/index>) and is not available on the official website of the organization (<http://fuelchips.ru/>) (MC-01, MC-02, MC-04, C-10).
- SBR is not made according to the current template (MC-02, C-05).
- insufficient competence of a representative of one of the contractors (C-06).
- inconsistencies were identified regarding the requirements of FSC COC (C-07, C-08).
- not all values in the accounting documents were clarified (C-09, C-13).
- inaccuracies in the data and lack of documentary evidence (measurements) of individual values (C-09, C-11, C-12).

5.2 Rigour of Supply Base Evaluation

Not applicable.

5.3 Collection and communication of data

The employee responsible for the SBP certification demonstrated a consolidated Excel accounting file, which summarizes all information on processed wood chips, diesel fuel consumption, equipment used and delivery distances. The information concerns both the processing of fuel wood into chips and its storage in the ports with loading and unloading operations.

Chip volumes are confirmed by the organization's credentials. The use of the equipment specified in the file was confirmed during a visit to the chipper parking lot and ports (Ust-Luga and Lomonosov), as well as a survey of contractors' representatives (on chip processing and handling in ports). Diesel fuel consumption is based on the comments of the interviewed contractor representatives; when reconciling the costs for various types of equipment with open data on the Internet, minor discrepancies were revealed within the limits of the permissible error. Distances for the delivery of wood chips to ports are shown in Yandex maps.

According to objective evidence, there are general electricity costs in ports, but they are generally related to the operation of ports and their extrapolation to chip handling is not appropriate (it is not possible to separate them).

The main complaint about the accounts is the absence of any documentary evidence of some values indicated in the Excel file (registration logs or systems of electronic codes / cards for diesel fuel consumption) – see C-11, C-12. The same applies to the operating time of the equipment.

There are no informative justifications for individual values - see sections 3.1.1 (there is no explanation for the meaning of "Actual biomass production") and 4.4 SAR (there is no explanation for the values of table 4.1, according to how the diesel consumption is calculated in table 4.2) - see C-13.

When checking and confirming the values in the consolidated excel file, the employee responsible for the certification revealed single inaccuracies (for diesel consumption for chipping and for the use of equipment in ports), which were promptly taken into account and corrected in the excel file (the incorrect value of diesel consumption for chipping was not corrected) and in SAR - assessed as C-09.

5.4 Competency of involved personnel

The following key staff members are involved to SBP certification:

- SBP in-charge (by proxy). He is responsible for the development, amendment of the SBP Manual (internal SBP procedure) and the management system, collection and storage of certification documents, evidence of origin of supplied products, internal training, complaints procedure, DDS, use of DTS, control of receipts and sales (invoicing according to SBP requirements).

- General Director. He is not responsible for compliance with customs and tax laws, registration of invoices in DTS, OHAS requirements.

The protocol of SBP certification training was provided, according to which both responsible persons were trained in accordance with the requirements of the applicable SBP standards and the internal SBP procedure - SBP Manual.

During the verification of the FSC COC system of the applicant for the certificate, it was established that in addition to Magic Grove LLC, the supply chain (including in connection with the production, transportation and storage of biomass) involved contracting organizations: Liga Les LLC (crushing contractor chips and their delivery to ports), Forest Terminal Factor OJSC and Baltimor LLC (provide acceptance, storage and loading of products in the ports of Ust-Luga and Lomonosov, respectively).

During a survey of responsible employees, they confirmed the training that had been carried out. The interviewed experts were able to clarify their responsibilities within the framework of supply chain management. The competence of all the specified persons for the implementation of the COC system was confirmed, with the exception of the Deputy General Director for Production of Baltimor LLC - the employee found it difficult to explain by what marks in which documents he will be able to confirm the certified status of incoming (received at the port) materials (that is, the employee is not enough informed about important changes in the management system) – see C-06.

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-000538 (01)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	7.1 The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP's website. Commercially sensitive and confidential information may be excluded from the SBR.
Description of Non-conformance and Related Evidence:	
The SBR is prepared by the applicant for the certificate. However, SBR is not filled out on the official SBP portal (https://portal.sbp-cert.org/index). On the official website of the organization (http://fuelchips.ru/), the approved SBR is also absent. In view of the non-fulfillment of the requirements of the paragraph of the standard, it was decided to assess the revealed condition as major.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-000539 (02)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	19.1 The BP shall implement measures to support the credibility of the SBR, appropriate to the context of the SB, SBE and the BP.
Description of Non-conformance and Related Evidence:	
The SBR is prepared by the applicant for the certificate. On the second page of the document, its version 1.4 is indicated, which was current at the time of the audit. At the same time, the template itself contains	

the mark “Local Translation” on each page, which differs from the current version of the template on the SBP portal (<https://portal.sbp-cert.org/index>). Section 10 SBR provides the deadline for the CEO approval of the report. At the same time, the SBR is not completed on the SBP portal (<https://portal.sbp-cert.org/index>), which would allow the addition of this line to be recognized as an official approval, as well as to ensure its accuracy in accordance with the context. On the official website of the organization (<http://fuelchips.ru/>), the approved SBR is also missing. No other measures were provided or demonstrated to support the reliability of the SBR at the request of the auditor. In view of the non-fulfillment of the requirements of the paragraph of the standard, it was decided to assess the revealed condition as major.

Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-000540 (03)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.1 The legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.
Description of Non-conformance and Related Evidence:	
At the time of the main SBP audit (June 21-22, 2021) Magic Grove LLC was not certified according to the SBP-approved supply chain system (CoC) and is not a holder of a valid certificate - Magic Grove LLC consistently passes SBP and FSC audits, but at the time of submission of the results for MA SBP, Magic Grove LLC does not have a valid FSC COC certificate. In view of non-compliance with the requirements of the paragraph of the standard, a decision was made to assess the condition as major.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Magic Grove LLC received the FSC certificate.
Findings for Evaluation of Evidence:	During the preparation of the SBP main audit report, Magic Grove LLC received the FSC COC certificate (FC-COC-001837), so it was decided to close MC-03.
NC Status:	Closed

NC number NC-000541 (04)	NC Grading: Major
Standard:	SBP Standard 5: Collection and Communication of Data Instruction
Requirement:	8.1 Each BP is required to publish a publicly available Supply Base Report (SBR).
Description of Non-conformance and Related Evidence:	
SBR was demonstrated by the applicant for the certificate. At the same time, at the time of the audit, the SBR was not filled out on the SBP portal (https://portal.sbp-cert.org/index), and was not posted on the organization's official website (http://fuelchips.ru/). The SBR will be uploaded to the organisation's website and sent to the SBP secretariat no later than ninety (90) days after the closing meeting at the end of the audit, as commented by the officer in charge of the certification. In view of non-compliance with the requirements of the paragraph of the standard, a decision was made to assess the identified condition as major.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-000542 (05)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	7.3 The SBR shall be completed using the latest version of the SBR template, which is available from the SBP website.
Description of Non-conformance and Related Evidence:	
The SBR is prepared by the applicant for the certificate. On the second page of the document, its version 1.4 is indicated, which was current at the time of the audit. At the same time, the template itself contains the mark "Local Translation" on each page, which differs from the current version of the template on the SBP portal (https://portal.sbp-cert.org/index). Due to the fact that the template was not filled in on the SBP-portal, the current SBR contains irrelevant (not applicable for the certification area) data (see section 2.4) and tables (see sections 4.1, 6.1, 7.1, annex 1). Due to the aforementioned temporary omission, a	

decision was made to assess the revealed condition as minor.	
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-000543 (06)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.7 Relevant personnel shall be informed promptly of any changes to management systems.
Description of Non-conformance and Related Evidence:	
<p>Annual training of responsible employees is provided in accordance with Section 8 of the SBP Manual of Magic Grove LLC. The responsibility of employees for the processes associated with certification is defined in table 2 of the Manual. Provided Training Protocol for Magic Grove LLC No. 1 / SBP, according to which both responsible employees (CEO and Certification Officer) were trained by the involved consultant. During the verification of the FSC COC system of the applicant for the certificate, it was established that in addition to Magic Grove LLC, the supply chain (including in connection with the production, transportation and storage of biomass) involved contracting organizations: Liga Les LLC (crushing contractor chips and their delivery to ports), Forest Terminal Factor OJSC and Baltimor LLC (provide acceptance, storage and loading of products in the ports of Ust-Luga and Lomonosov, respectively). In the course of a survey of responsible employees, they confirmed the training that had been carried out. The interviewed experts were able to clarify their responsibilities within the framework of supply chain management. The competence of all the specified persons for the implementation of the COC system was confirmed, with the exception of the Deputy General Director for Production of Baltimor LLC - the employee found it difficult to explain by what marks in which documents he will be able to confirm the certified status of incoming (received at the port) materials (that is, the employee is not enough informed about important changes in the management system). In view of this temporary omission, it was decided to assess the condition as minor.</p>	
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-000544 (07)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
<p>The SBP audit assessed an organization's compliance with the FSC COC requirements. Magic Grove LLC confirmed its compliance with the main requirements of the supply chain, while there were single omissions: - FSC-STD-40-004 V3-0, p. 1.1d - the interviewed specialists confirmed the training conducted with them and were able to explain their responsibilities in the framework of supply chain management. The competence of the responsible persons for the implementation of the COC system was confirmed, with the exception of the Deputy General Director for Production of Baltimor LLC (ensures acceptance, storage and loading of chips in the port of Lomonosov) - the employee found it difficult to explain by what marks in which documents he can confirm the certified status of the incoming (accepted in the port) biomass. - FSC-STD-40-004 V3-0, clause 1.4 - during the audit, an order was provided to the responsible officer and instructions on labor protection for Magic Grove LLC; no evidence of staff training was provided. For Liga-Les LLC (the contractor, which crushes wood chips and delivers them to ports), an order was submitted to the employee responsible for labor protection; instructions and evidence of occupational health and safety training for personnel were not provided. When visiting the ports (Forest Terminal Factor OJSC and Baltimor LLC ensure acceptance, storage and loading of products in the ports of Ust-Luga and Lomonosov, respectively), all the necessary certificates were demonstrated within the framework of the standard clause; the only omission was revealed - when checking the training logs (on labor safety and fire safety), it was found that not all employees were re-instructed on labor protection (according to the extreme briefing, fewer employees are indicated compared to the fire safety training log). - FSC-STD-40-004 V3-0, clause 2.1 - the applicant for the certificate compiled the List of certified suppliers (with 1 supplier - FC-FM/COC-643397 and SA-COC-007053) and the List of controlled suppliers (also with 1 controlled supplier). The lists contain the information required by the indicator. At the same time, according to the certified supplier, the incoming material is indicated - W1.1 Roundwood, while the sales contract with the supplier indicates felling residues, sawmill waste, fragments of trunks, branches, tops from logging that are not included in the List. For a controlled supplier, the purchase and sale agreement provides for the supply of fuel wood, which is also not included in the List. The omissions identified are temporary. It was decided to generalize them as a minor condition.</p>	
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-000545 (08)	NC Grading: Minor
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:	
<p>In accordance with clause 1.4 of FSC-STD-40-004 v.3-0 (the organization must, at a minimum, appoint a person responsible for health and safety, develop and apply procedures, and train personnel in health and safety rules) and Appendix A, FSC-PRO-20-001 V1-1 "Assessment of the organization's compliance with FSC values and health and safety requirements in the supply chain", the applicant for the certificate was requested to certify the appointment of a health and safety representative), the availability of procedures and personnel training in health and safety procedures for the organization itself and for the contractors involved (Liga-Les LLC carries out chips crushing and its delivery to ports, Forest Terminal Factor OJSC and Baltimor LLC provide acceptance, storage and loading of wood chips in the ports of Ust-Luga and Lomonosov, respectively). During the audit, an order was provided for the responsible employee and instructions on labor protection for Magic Grove LLC; no evidence of staff training was provided. For Liga-Les LLC an order was given to the employee responsible for labor protection; instructions and evidence of personnel training in the framework of health and safety were not provided. During the port visits, all the necessary certificates were demonstrated within the clause of the standard; the only omission was revealed - when checking the training logs (on labor protection and fire safety), it was found that not all employees were re-instructed on labor protection (according to the extreme instructions, fewer employees are indicated compared to the fire safety training log). Due to the identified temporary omissions, it was decided to generalize them as a minor condition.</p>	
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-000546 (09)	NC Grading: Minor
Standard:	SBP Standard 5: Collection and Communication of Data Instruction
Requirement:	5.1 All data submissions must be supported by appropriate evidence.
Description of Non-conformance and Related Evidence:	
<p>The applicant for the certificate was provided: - SBP Audit Report (SAR) on Energy and Carbon Data for Woodchips with Mobile Chipping for Biomass Producers producing woodchips using mobile facilities. - Supply Base Report: Magic Grove LLC. In accordance with the requirements of the standard, the auditor asked the responsible officer to clarify (confirm) individual values in the above documents. Individual values in SBR (5898 thousand ha, 4827 thousand ha, 825 million m3, 370.424 and 186991 ha, 80 327.2765 ha) were not documented at the request of the auditor (links to data sources are provided). A discrepancy was established between the reporting period specified in SAR (from 01.01 to 31.05.2021) and specified in the SBR (from 01.07.2020 to 30.06.2021). With regard to SAR, the following points were identified: - the values of incoming feedstock in SAR section 2.1 have been confirmed. At the same time, 2 values are taken into account, which are different from each other, with an indication of the units of measurement in both cases - tons; found that one of the values is given in m3 (named conversion factor 0.8); - taken tabular (conditional theoretical) moisture content of the feedstock 65% for freshly cut wood. At the same time, in fact, the wood at the storage sites is often not freshly cut (assessed during a visual inspection). - confirmed (according to internal accounting) the amount of biomass produced in section 3.1 SAR, values for the transportation of biomass in section 4.1 SAR, diesel consumption for storing biomass in ports in section 4.2 SAR. The values in the internal excel accounting are confirmed by the comments of the interviewed representatives of the contractors (mechanics of Liga-Les LLC, deputy general directors for production of Forest Terminal Factor OJSC and Baltimor LLC), the equipment used - by visual assessment. - in section 4.2 SAR, instead of liters for diesel consumption, kWh / t is erroneously indicated as a unit of measurement. When checking and confirming the values in the consolidated excel file, the employee responsible for the certification revealed single inaccuracies (for diesel consumption for chipping and for the use of equipment in ports), which were promptly taken into account and corrected in the excel file (the incorrect value of diesel consumption for chipping was not corrected) and SAR. As a result of the above, a decision was made to assess the identified condition as minor.</p>	
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-000547 (10)	NC Grading: Minor
Standard:	SBP Standard 5: Collection and Communication of Data Instruction

Requirement:	5.3 There are three methods by which information is communicated. 1) The SBP database of GHG and profiling data. These data are accessible by generators and enable them to report to their regulators. 2) Batch specific data which is specific to each delivery of biomass. (A batch is a unit of production with identical energy and carbon, profile and sustainability characteristics data. A delivery can comprise a number of batches.) This information is available to all organisations which take legal ownership of the biomass. 3) The BP's Supply Base Report. This is publicly available on the BP's and the SBP websites.
Description of Non-conformance and Related Evidence:	
In accordance with the SBP Manual of Magic Grove LLC, the transfer of information will be carried out by recording data in SAR, when information and transactions are posted in DTS. SAR is not approved by the certification body at the time of the audit; after approval and access to the DTS, the necessary information will be taken into account in the data transmission system. During the audit, it was established that there was no publicly available SBR in open sources (on the SBP portal - https://portal.sbp-cert.org/index and on the official website of the applicant for the certificate - http://fuelchips.ru/). Due to a temporary omission, it was decided to be assessed as a minor condition.	
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-000548 (11)	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:	
For the declared area of certification, an estimate of the diesel consumption for chipping, for the delivery of chips to ports and its handling (storage and movement) in ports is applicable. Consolidated excel-file of accounting contains data on average consumption of diesel fuel by equipment per hour, received from	

contractors. No documentary evidence of these values (logs or electronic code / card systems) has been provided; all values are confirmed only by the comments of the interviewed representatives of the contractors (mechanics of Liga-Les LLC, deputy general directors for production of Forest Terminal Factor OJSC and Baltimor LLC). When comparing the indicated values of diesel fuel consumption with data from open sources on the Internet, their acceptability for the current calculation was confirmed (the revealed discrepancies are within the permissible error). Taking into account the above, a decision was made to assess the revealed condition as minor.	
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-000549 (12)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4
Requirement:	6.5.2 Allocation of fossil fuel for production should be based on appropriate metering. The fuel allocation system is especially important where the storage is not dedicated to biomass production and some vehicles or machinery unrelated to the biomass production may also use the fossil fuel from the same storage. In some cases, a practical alternative is to measure and record the specific (hourly) fossil fuel consumption of all the machinery/vehicles used, and the number of operating hours. Note: The BP is not responsible for maintaining such metering systems for third parties supplying feedstock
Description of Non-conformance and Related Evidence:	
The production of biomass within the scope of the certification is carried out on special chippers operating in the fuelwood storage areas. The interviewed mechanic of the processing contractor Liga-Les LLC (performs chip crushing for Magic Grove LLC with the provided chippers) explained the performance and consumption of diesel fuel for the chippers. Generalized information on the consumption of diesel fuel during the processing of 1 m3 of fuel wood is given in the consolidated excel file of Magic Grove LLC. However, no evidence of measurements of fossil fuel consumption for biomass production was provided at the request of the auditor. A decision was made to assess the revealed condition as minor.	
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-000550 (13)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4
Requirement:	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.
Description of Non-conformance and Related Evidence:	
<p>The applicant for the certificate has prepared a SAR, which summarizes the data on energy and carbon. In terms of values, the explanations in the relevant sections (see, for example, sections 1.2 and 2.2) allow us to estimate where the indicated values were taken from. There are no informative justifications for individual values - see sections 3.1.1 (there is no explanation for the meaning of "Actual biomass production") and 4.4 SAR (there is no explanation for the values in Table 4.1, for how the diesel consumption is calculated in Table 4.2). As a result of this temporary omission, a decision was made to assess the identified condition as minor.</p>	
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 not approved
Certification decision by (name of the person):	Artem Kornilov
Date of decision:	04 Aug 2021
Other comments:	Due to three open major NC, the SBP certificate cannot issued.