



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

First Surveillance Audit

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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:	Mikhail Rai
Audit team members:	Mikhail Rai
Name of the Company:	BIO LLC
Company legal address:	Territoriya Promploshchadka UI LPK, Zdaniye 020303, Irkutsk region, 666684 Ust-Ilimsk, Russia
Company contact for SBP:	Natalia Kondurova
Company contact email:	dvpwood@mail.ru
Company website:	N/A
SBP Certificate Code:	SBP-07-68
Date of certificate issue:	17 Mar 2020
Date of certificate expiry:	16 Mar 2025
Audit closing meeting date:	02 Feb 2021
Audit cycle:	First Surveillance 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	☐
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 1.3	☐
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-057942	☐
	Transfer	☐

2.1 Description of the company

BIO LLC is a secondary processor (biomass producer) located in Ust-Ilimsk, Irkutsk region. The BP holds a valid FSC CoC certificate and uses only FSC-certified secondary feedstock (sawdust) for pellet production. All feedstock is purchased from a neighbouring sawmills. In dryer, the BP uses also sawdust. The BP's supply base is defined as the Irkutsk and Krasnoyarsk Regions of Russia. Only conifer species are used for pellet production. Pellets could be sold with FSC Mix Credit claims and accordingly with an SBP-compliant biomass claim. The final product may be transported by rail to different endpoints in Russia (mainly to Saint-Petersburg) The annual production capacity of wood pellets is 36 000 tons.

2.2 Detailed description of the Chain of Custody system

The BP holds a valid FSC CoC certificate covering the secondary (pellet production) processing <https://info.fsc.org/details.php?id=a02f300000k64YkAAI&type=certificate>. The BP purchases only sawdust from certified suppliers neighboring sawmills with different claims: FSC 100% and FSC Mix Credit. Purchased sawdust is provided with relevant trade and transport documents. The BP implements the FSC transfer system of claims. The BP downgrades output claim and sells pellets with an FSC Mix Credit claim and respectively with an SBP-Compliant biomass claim. Sawdust is used as a feedstock and as a biofuel. The BP calculates a conversion factor based on actual data on input and output volumes (measurement of the number of front loader buckets and weighing of pellets).

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 factors;
- GHG data collection analysis and assessment of compliance with ID 5E ver. 1.3.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Mikhail Rai	1,0
2. On-site (excl. travel time)	Mikhail Rai	18,0
3. Report writing	Mikhail Rai	11,5
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Office	Mikhail Rai	29 Jan 2021/09:00
<i>FSC and SBP Procedures review</i>	Office	Mikhail Rai	29 Jan 2021/09:30
<i>H&S briefing</i>	Production site	Mikhail Rai	01 Feb 2021/09:00
<i>Site tour, staff interview</i>	Production site	Mikhail Rai	01 Feb 2021/09:15

<i>Documents review, staff interview</i>	Office	Mikhail Rai	01 Feb 2021/12:00
<i>Supply Base evidence, SBR</i>	Office	Mikhail Rai	01 Feb 2021/14:00
<i>SAR, GHG Data, SREG</i>	Office	Mikhail Rai	02 Feb 2021/09:00
<i>Documents review, staff interview</i>	Office	Mikhail Rai	02 Feb 2021/13:00
<i>EUTR DDS implementation. Origin confirmation</i>	Office	Mikhail Rai	02 Feb 2021/15:00
<i>H&S additional documented evidence</i>	Office	Mikhail Rai	02 Feb 2021/16:00
<i>Closing meeting</i>	Office	Mikhail Rai	02 Feb 2021/16:30

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

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 at the beginning of the audit and during it, which started with an opening meeting attended by the SBP responsible.

During the opening meeting 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, COC Critical Control Points (feedstock entrance, inputs identification and claims, control system, conversion factors and sales) management system, 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.

At the end of the audit, findings were summarised, and preliminary 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 lading, etc.).
- Sampling is based on a risk approach, taking into account the following:
 - o Changes in a management system;
 - o Standards requirements update;
 - o Staff changes;
 - Market development;
 - o 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

Not applicable.

4.5 Stakeholder feedback

Not applicable.

5 Results

5.1 Main strengths and weaknesses

Strengths:

- Use of the FSC transfer system; only FSC 100% and FSC Mix Credit secondary feedstock is sourced; non-certified feedstock is not accepted.
- Effective recordkeeping system.
- Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

- A gap in H&S system. See also NCR 01/21.

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 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 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:

- General Director (appointment of SBP responsible);
- SBP responsible (chain of custody, FSC and SBP procedures and systems updates, SAR, SBR and feedstock origin, SREG (if applicable), SDIs, distances, DTS, complaints, trademark, feedstock and pellets registration, diesel consumption);
- Head of the pellet mill or Technologist (feedstock and pellets registration, conversion factor, moisture measurements, biofuel consumption);
- Chief Accountant (overall accounting, invoices, FSC and SBP claims, electricity consumption, EUTR requirements and DDS implementation);
- Separate H&S responsible (OHAS implementation).

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-000323	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:	
One of workers at the pellet mill did not used personal protective equipment (PPE) as required by internal H&S instructions and equipment manual. Verification of documented evidence and staff interview confirmed that relative PPE was provided by the BP to the staff. However, during site tour it was revealed that one of the workers used angle grinder but required PPE (protective mask) was not used. Due to an isolated case 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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000322	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	3.1.9 An 'SBP Report on Energy and Carbon Data (SREG) for Supplied Biomass for Inland Transport' shall always be completed by BPs and Traders where biomass is supplied using inland transport outside the scope of a Static Data Identifier (SDI). Examples of when this will be required include: - a change of legal ownership occurs outside the scope of a BP's Scope End-point; - a different sea port is used than specified in the SDI; a different route or mode of transport to the sea port is used than specified in the SDI; and/or - the SDI end

	point is an inland terminal.
Description of Non-conformance and Related Evidence:	
During the reporting period, the BP has completed SREG (please see Exhibit 4) when supplied pellets to the endpoint not indicated in the previous SAR. The SREG does not include information about inland transport from the factory gate to the railway station wherefrom pellets deliver to the endpoint. Due to an isolated case, 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:	N/A
Findings for Evaluation of Evidence:	N/A
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:	10 May 2021
Other comments:	N/A