



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

First Surveillance Audit

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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
2.1	Description of the company
2.2	Detailed description of the Chain of Custody system
3	Specific objective
4	Evaluation process
4.1	Timing of evaluation activities
4.2	Description of evaluation activities
4.3	Sampling methodology
4.4	CB stakeholder engagement
4.5	Stakeholder feedback
5	Results
5.1	Main strengths and weaknesses
5.2	Rigour of Supply Base Evaluation
5.3	Collection and communication of data
5.4	Competency of involved personnel
6	Review of company's risk assessments
6.1	Overview of company's risk assessments and mitigation measures
6.2	Specified risk indicators and mitigation measures
7	Non-conformities and observations
8	Certification decision

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:	Atlant LLC
Company legal address:	Ulitsa Karla Libknekhta 94, office 401, 664000 Irkutsk, Russia
Company contact for SBP:	Oksana Vilkushevskaya
Company contact email:	vilk-oksana@list.ru
Company website:	N/A
SBP Certificate Code:	SBP-07-56
Date of certificate issue:	19 Feb 2020
Date of certificate expiry:	18 Feb 2025
Audit closing meeting date:	19 Jan 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://sbpcert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: NC-COC-031876	☐
	Transfer	☐

2.1 Description of the company

Atlant LLC is a primary processor (sawmilling) and a secondary processor (biomass producer) located in the Irkutsk region, Russia. The BP holds a valid FSC CoC certificate and uses only FSC-certified secondary feedstock (sawdust and wood chips) for pellet production. In dryer, the BP uses wood chips which are also residues from in-house sawmilling. The BP's supply base is defined as the Irkutsk Region of Russia. Only conifer species are used for pellet production. Pellets could be sold with FSC 100% and 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), on DAP delivery conditions. The annual production capacity of wood pellets is 60 000 tons.

2.2 Detailed description of the Chain of Custody system

The BP holds a valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000k60VwAAI&type=certificate> covering the primary (sawmilling) and secondary (woodworking, pellet production) wood processing. Only secondary feedstock (sawdust) with FSC 100% claim (and potentially FSC Mix Credit claim) will be used for pellet production and the FSC transfer system of claims is implemented (all pellets will have FSC 100% or FSC Mix Credit claim). The BP also processes non-certified roundwood at the sawmill. To address mixing the BP implements robust segregation procedures. The BP calculates a conversion factor based on actual information on input and output volumes (a measurement of the number of front loader buckets and weighing of pellets). There is no invoicing inside the BP. Instead, the BP keeps internal registers with volumes of physical input and reflects the data in the accounting system.

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

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Mikhail Rai	4,8
2. On-site (excl. travel time)	Mikhail Rai	13,5
3. Report writing	Mikhail Rai	12,5
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening Meeting</i>	Office	Mikhail Rai	18 Jan 2021/10:00
<i>H&S Interview and briefing</i>	Office	Mikhail Rai	18 Jan 2021/10:40
<i>Documented procedures review</i>	Office	Mikhail Rai	18 Jan 2021/11:00
<i>Site tour</i>	Production facilities	Mikhail Rai	18 Jan 2021/11:40

<i>SBP and FSC procedures review</i>	Office	Mikhail Rai	18 Jan 2021/14:30
<i>SBR, supply base</i>	Office	Mikhail Rai	19 Jan 2021/10:00
<i>SAR</i>	Office	Mikhail Rai	19 Jan 2021/13:00
<i>Closing meeting</i>	Office	Mikhail Rai	19 Jan 2021/17:30

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 audit was focused on management system evaluation: division of the responsibilities, documents 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 as well as FSC CoC system of the BP, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company prior to the audit, which started with an opening meeting attended by the representatives from the BP's management and staff.

Audit team leader introduced himself, provided information about the audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the audit team leader explained the CB's accreditation related issues.

After that auditor went through all applicable requirements of the SBP standards 2, 4, 5 and instruction document 5E covering input clarification, existing chain of custody system, management system, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP-compliant biomass. Chain of Custody implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and its classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales. During the process, overall responsible person for SBP system and other staff were interviewed.

Further a roundtrip around the 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 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 for the audit.

4.5 Stakeholder feedback

Not applicable for the audit.

5 Results

5.1 Main strengths and weaknesses

Strengths:

- use of the FSC transfer system;
- FSC 100% and FSC Mix Credit secondary feedstock is sourced;
- non-certified feedstock is not accepted at the pellet mill;
- small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

- gaps in recordkeeping system;
- partly theoretical calculation of share of feedstock.

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

Diesel consumption value by vehicles 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.

See also NCR 03/21.

5.4 Competency of involved personnel

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

- BP's management (appointment of SBP responsible, anti-bribery policy and code of conduct, trade and tax legislation);
- SBP responsible (SBP procedures and systems updates, chain of custody, EUTR requirements and DDS implementation, SAR, SBR and feedstock origin, SREG (if applicable), DTS, SDIs, distances, sales, FSC, complaints, conversion factor);
- Pellet mill supervisor (registration of inputs and outputs, moisture measurements, registration of diesel consumption);
- Chief technologist (conversion factor);
- Separate H&S responsible (H&S implementation).

Also, BP shared responsibilities between staff intimately involved in pellet production. Their responsibilities are described in the 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-000079	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
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. The BP uses preferably sawdust as a feedstock, but also wood chips can be used in case of lack of sawdust at the certain period. For heating the BP uses wood chips. Measurements of feedstock and biofuel is made by calculating number of shovels. An engineering calculation based on relative moisture formula with the data provided by the BP, the conversion factor equals 1,85 tons of feedstock per ton of pellets (ton/ton). The CF established in the BP based on actual measurements equals 2,05 ton/ton. Therefore, the real production is lower than the theoretical one on 10,2 %. During site tour and staff interview it was revealed that the BP calculates number of shovels of incoming feedstock without segregation on type of raw material. Then the BP calculates share of each type of feedstock as followed: $V_t - V_s - V_{bf} = V_w$, where V_t – total volume of feedstock used for pellet production and for heating (actual measurement); V_s – volume of sawdust used for pellet production (17% of total input of roundwood); V_{bf} – volume of wood chips used for heating (actual measurement); V_w – volume of wood chips used for pellet production. Furthermore, it was revealed by the BP that a conversion factor of 0,36 to transfer bulk cubic meters into solid for each type of feedstock. Whereas the CF for sawdust shall be 0,28. This fact also influences the calculation of mass of feedstock. The BP intends to calculate different types of feedstock (wood chips and sawdust) separately. Also, the BP intends to measure volume of shovels for different seasons. The BP made an investigation and understood the potential reasons of difference between theoretical and practical outputs. With the above the non-conformity is considered 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-000080	NC Grading: Minor
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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 has minor gaps in the description of the SB and also does not include some parts of information as required by the SBR template. A General description section of the provided SBR (3.1) does not include an indication of the number of suppliers for each SBP feedstock product group and a comparison of the scale of harvesting compared to other forest-based industries in the region as required by the SBP Audit Portal. Section 3.4 of the SBR has incorrect information regarding certified areas of the supply base. With 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:	An updated SBR on the SBP Audit Portal.
Findings for Evaluation of Evidence:	The BP has analysed the reasons for non-conformance. As per BP, a major reason is an independent preparation for the audit without involving any externals. Also, the BP noted, that difficulties in completing the SBR could be appeared due to the new format of SBR and necessity to use the SBP Audit Portal. While reporting, the BP has submitted an updated SBR taking into account comments, provided by the CB through the Portal. Actions undertaken by the BP is sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000205	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
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:	
The BP did not consider all vehicles used in the pellet production. Implemented recordkeeping system is not sufficient. During site tour and staff interview it was revealed that the BP used one type of vehicle (KAMAZ) but did not considered fuel it consumed in the SAR. Also, during waybills sampling verification it	

was revealed, that a declared time for one of the forklifts is more on 0,5 hours than an actual time. For other vehicles based on sampling verification fuel consumption and allocated time provided in the SAR matches data in waybills and accountancy program. Due to an isolated case and minor difference 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:	Evidence Provided by Company to close NC: Comments from the BP; Updated SAR.
Findings for Evaluation of Evidence:	The BP investigated gaps in recordkeeping and management system. As per the BP the root cause of the non-conformity is lack of control from the relevant management staff and a human factor. The BP made changes in the SAR prior to the SAR was sent for approval. Information about the KAMAZ was included and time and fuel consumption for relevant forklift was updated. Furthermore, the BP improved monitoring system to maintain data regarding vehicles used in the pellet production and time allocated for such activities. Now the SBP responsible additionally check the information in waybills and in the accountancy software to compare data. Actions undertaken by the BP considered sufficient to close the non-conformity.
NC Status:	Closed

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:	19 Jan 2021
Other comments:	N/A