

NEPCon Evaluation of Atlant 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 1.4

*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

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382
Current report completion date:	18/Feb/2020
Report authors: :	Nikolai Tochilov, Mikhail Rai
Name of the Company:	Atlant LLC, 666765, Stroitel'naya str., 9, r.p. Yantal, Ust-Kutsky district, Irkutsk region, Russian Federation
Company contact for SBP:	Oksana Vilkushevskaya, accountant. Mob.: +79641099059, email: vilk-oksana@list.ru
Certified Supply Base:	Russia, Irkutsk region
SBP Certificate Code:	SBP-07-56
Date of certificate issue:	19/Feb/2020
Date of certificate expiry:	18/Feb/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope of certificate includes production of wood pellets in Yantal, Irkutsk region, Russia for use in energy production and its transportation by different means of transport to different end points all over the world. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

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. 1.0.

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Atlant LLC is a primary processor (sawmilling) and a secondary processor (biomass producer) located in Irkutsk region, Russia. The BP holds valid FSC CoC certificate and uses only FSC-certified secondary feedstock (sawdust) for pellet production and heating (wood chips).

5.2 Description of Company's Supply Base

Atlant LLC is a full-cycle sawmill and wood-processing enterprise located in the working village of Yantal, Ust-Kutsky District, Irkutsk Region. Atlant LLC is a member of the Innovation LLC group of companies.

Pellets made from secondary material (sawdust) - waste from the deep processing of wood. Atlant LLC is FSC certified. Atlant LLC processes about 70% of Scots pine, 20% of Siberian larch, 10% of a mixture of Siberian spruce, Siberian fir and Siberian pine.

The Supply base of Atlant LLC is a number of the FSC-certified forest management units located in Irkutsk region.

The forest fund of the Irkutsk region is 69,4 million hectares. According to the information contained in the regional Forest Plan, 12% of the country's forest reserves are concentrated in the region. But not all forest area is covered with forests. Some of them have been cut down and not yet replanted; part damaged by fires; about 1,6 million hectares are occupied by glades, ravines, roads, buildings, etc. The total standing stock is 8,8 billion m³, including the stock of coniferous stands – 7,5 billion m³.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration and make addendums to it about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Sanitary felling is also possible. The maximum cutting area

is limited to 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration. Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

The composition of the forests of the Irkutsk region is Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian cedar pine (*Pinus sibirica*), Siberian spruce (*Picea obovata*), Siberian fir (*Abies sibirica*), Silver birch (*Betula pendula*), aspen (*Populus tremula*), a tree-shaped willow (*Salix* spp.) is found.

When harvesting wood, according to the forest legislation, species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. In the Irkutsk Region, Berry Apple Tree (*Malus baccata* (L.) Borkn.) Is subject to conservation. Forest stands with 3 or more units of Siberian cedar pine (*Pinus sibirica* Du Tour.)out of 10 in the forest stand are prohibited for cutting.

Atlant LLC processes only Scotch pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*) and a small amount of Siberian spruce (*Picea sibirica*), Siberian fir (*Abies sibirica*) and Siberian pine (*Pinus sibirica*). The tree species included in the IUCN and CITES lists are not common in the Irkutsk region.

Irkutsk Oblast is located in one of the leading places in terms of forest resources. It ranks first in the Russian Federation in terms of harvested wood. The forest industry of the Irkutsk region combines enterprises of logging, woodworking, pulp and paper and forest chemical industries.

Atlant LLC is one of the 20 largest timber processing enterprises in the Irkutsk region. Atlant LLC is a city-forming enterprise in the working village of Yantal. The group of companies LLC Innovation, which includes LLC Atlant, provides social and economic support to nearby municipalities: it repairs and cleans roads in the area, organizes fire protection strips, extinguishes fires, and provides material assistance to local administrations.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	2 919 807,40. ha
Tenure by type (ha):	public 2 919 807,40 ha
Forest by type (ha):	boreal 2 919 807,40 ha
Forest by management type (ha):	managed natural 2 919 807,40 ha
Certified forest by scheme (ha):	2 919 807,40 ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet

<https://rosinnova.com/ru/about/info>

Specifically, English version is available by link https://rosinnova.com/sites/default/files/2019-12/SBR_Atlant_LLC_2019_EN.pdf

Russian version is available by link https://rosinnova.com/sites/default/files/2019-12/SBR_Atlant_LLC_2019_RU.pdf.

5.4 Chain of Custody system

BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000k60VwAAI&type=certificate> covering the primary (sawmilling) and secondary (wood working, 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 FSC transfer system of claims is implemented (all pellets will have FSC 100% or FSC Mix Credit claim). To calculate a conversion factor prior to this assessment, BP used theoretical (engineering) calculation. For the next reporting periods, conversion factor will be updated based on actual information on input and output volumes.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on January 27-28, 2020 (app. 13 hours). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	27/01/2020 09.00-09.30
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	27/01/2020 09.30-12.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	27/01/2020 13.00-16.00
Chain of custody review (site tour); staff interview	Production facilities	28/01/2020 09.00-12.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	28/01/2020 13.00-17.00
Closing meeting	Office	28/01/2020 17.00-17.30

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
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 40 SBP assessments and annual audits in Russia and Europe.
Mikhail Rai, auditor in training	NEPCon auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with 3 SBP assessments and annual audits in Russia as SBP auditor in training.

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.

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

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

After that auditors went through all applicable requirements of the SBP standards nr. 2, 4, 5 and instruction document 5e covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP-compliant biomass. During the process, overall responsible person for SBP system and other staff were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour, applicable records were reviewed, staff was interviewed and FSC system critical control points were analysed.

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

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here:

<http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on December 23, 2019 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.

7 Results

7.1 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. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: theoretical (engineering) calculation of a conversion factor. However, in the next reporting period BP intends to establish conversion factor based on actual data of feedstock input for pellet production and heating, and biomass output.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock delivery and handling; diesel for biomass handling and shipping; electricity and diesel for biomass transportation to customer. Diesel consumption value by loaders and trucks is based on actual refuelling data obtained in accountancy; electricity consumption by pellet plant and office facilities is based on readings obtained from 2 installed electric meters. Audit team considers actual consumption of electricity and diesel for pellet production as overvalued. See OBS 01/20.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: main SBP responsible person/accountant (SBP procedures and systems updates, SAR, SBR, complaints, conversion factor updates); second SBP responsible person/FSC responsible person (SBR, FSC CoC system); chief technologist (conversion factor updates); head of sales department (registration of output volumes, DTS, SREG (if applicable), SDIs); pellet mill engineers (moisture measurements, registration of inputs and outputs volumes, registration of diesel and electricity consumption); separate H&S responsible. Prior to and during SBP assessment, BP was supported by external consultant, who also has provided relevant training to BP staff.

7.5 Stakeholder feedback

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

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

Not applicable

9 Review of Company's mitigation measures

Not applicable.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 01/20	NC Grading: Observation / Наблюдение
Standard & Requirement:	SBP Instruction Document 5E V.1.1, 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>BP has justified a methodology and provided all relevant information on energy and carbon data in SAR. Audit team considered the diesel and electricity consumption at pellet production as overvalued. As explained by BP’s representatives, increased diesel and electricity consumption in the first reporting period could be related to the upgrading of the pellet mill equipment.</p> <p>Организация обосновала методологию и представила всю соответствующую информацию об энергетических и углеродных данных в SAR. Команда аудиторов считает расчеты потребления дизеля и электричества на пеллетном производстве завышенными. Представители Организации пояснили, что повышенное потребление дизеля и электричества за первый ревизионный период может быть связано с проведением работ по модернизации пеллетного производства.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
NC Status:	

11 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):	Olesja Puiso
Date of decision:	19/Feb/2020
Other comments:	<i>Click or tap here to enter text.</i>