



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

Re-assessment

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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:	OMFAL LLC
Company legal address:	proezd, Vostochnaya magistral, 2/9, 665684 Novaya Igirma, Irkutsk region, Russia
Company contact for SBP:	Airat Valiakhmetov
Company contact email:	aratigirma@mail.ru
Company website:	N/A
SBP Certificate Code:	SBP-01-26
Date of certificate issue:	13 Aug 2016
Date of certificate expiry:	12 Aug 2021
Audit closing meeting date:	28 Jan 2021
Audit cycle:	Re-assessment

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 1.3	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Secondary	<input type="checkbox"/>
Feedstock origin (countries):	Russia	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	<input type="checkbox"/>
Chain of custody system implemented:	FSC: FC-COC-643660, FC-CW-643660	<input type="checkbox"/>
	Credit	<input type="checkbox"/>

2.1 Description of the company

Omfal LLC is a primary processor (sawmilling) and a secondary processor (biomass producer) located in Novaya Igirma, Irkutsk region. The BP holds a valid FSC CoC certificate and uses only FSC-certified secondary feedstock (sawdust, wood chips, and shavings) for pellet production. Some share of sawdust is purchased from a neighbouring sawmill. In dryer, the BP uses bark and wood chips which are 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 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 100 000 tons.

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC CoC certificate covering the primary (sawmilling) and secondary (pellet production) processing <https://info.fsc.org/details.php?id=a02f300000e14rYAAQ&type=certificate>. Primary feedstock (roundwood) could be purchased with different claims: FSC 100%, FSC Mix Credit, FSC Controlled Wood. Roundwood from non-certified suppliers, controlled under the BP's DDS is purchased and accepted as controlled material. Also the BP purchases sawdust from neighbouring sawmill with an FSC Mix Credit claim. Non-certified feedstock is not accepted. The BP implements an FSC credit system of claims. All pellets are made from in-house sawmilling residues (wood chips, shavings, and sawdust) and purchased sawdust and have an FSC Mix Credit claim. For heating the BP uses bark and sawdust also residues from in-house sawmilling (wood chips). The BP uses back theoretical calculation to estimate a mass of feedstock and of biofuel used at the pellet mill. See also NCR 04/21, 05/21. the same conversion factor is used for the credit account. There is no invoicing inside the BP. Instead, economist prepares internal reports on a monthly basis. It includes a description of the feedstock (sawdust, wood chips, bark, shavings), the volume of physical input, production results and other relevant information. Purchased sawdust is provided with

relevant trade and transport documents.

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	1,5
2. On-site (excl. travel time)	Mikhail Rai	15,0
3. Report writing	Mikhail Rai	9,5
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Office	Mikhail Rai	27 Jan 2021/09:30
<i>H&S briefing</i>	Office	Mikhail Rai	27 Jan 2021/09:50
<i>SBR, Supply Base</i>	Office	Mikhail Rai	27 Jan 2021/10:00
<i>FSC CCP, FSC responsible interview</i>	Office	Mikhail Rai	27 Jan 2021/13:00

<i>Documents review, staff interview</i>	Office	Mikhail Rai	27 Jan 2021/14:30
<i>Supply Base evidence</i>	Office	Mikhail Rai	27 Jan 2021/15:30
<i>Staff interview</i>	Office	Mikhail Rai	27 Jan 2021/16:30
<i>SAR, GHG Data</i>	Office	Mikhail Rai	28 Jan 2021/09:30
<i>Site tour, staff interview</i>	Production site	Mikhail Rai	28 Jan 2021/13:00
<i>SAR, GHG Data</i>	Office	Mikhail Rai	28 Jan 2021/14:00
<i>Closing meeting</i>	Office	Mikhail Rai	28 Jan 2021/16:30
<i>SAR, GHG data, Evidence to close major NCRs</i>	Remotely via Skype	Mikhail Rai	23 Apr 2021/10:00

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 landing, 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

¹The stakeholder consultation was carried out on December 10, 2020 by sending direct email to different stakeholder categories. No comments from the stakeholders have been received. List of informed stakeholders is the same which is used for FSC FM/COC assessments notification in Russia. This list was compiled by FSC Russia; it is available at FSC Russia homepage <https://ru.fsc.org/ru-ru> and includes such groups of stakeholders as FSC National Initiative, environmental and social NGOs, FSC-certified companies in the region, scientific and educational entities, indigenous peoples' communities (where applicable), state forestry authorities, trade unions etc.

4.5 Stakeholder feedback

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

5 Results

5.1 Main strengths and weaknesses

Strengths:

- Use of the FSC credit system; only FSC Mix Credit and FSC Controlled Wood secondary feedstock is sourced; non-certified feedstock is not accepted.
- Small number of the management staff and clearly designated responsibilities within the staff members.
- Separate certification department.

Weaknesses:

- Ineffective recordkeeping system. See NCR 06/21.
- Major gaps in documented procedures. See NCR 02/21.
- Theoretical back calculation of mass of feedstock and biofuel. See NCRs 04/21, 05/21.

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 and is based on actual refueling data obtained in accountancy. See NCR 06/21.

Electricity consumption by pellet plant (including lighting) is based on readings obtained from installed electric meters . Biofuel consumption is based the theoretical calculation, validated by sample measurements made by the BP.

5.4 Competency of involved personnel

Overall, BP staff showed 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);
- Head of the security service (anti-bribery policy and code of conduct);
- FSC responsible (chain of custody, EUTR requirements and DDS implementation, complaints);
- SBP responsible / Head of the pellet mill (SBP procedures and systems updates, SAR, SBR and feedstock origin, SREG (if applicable), DTS, SDIs, distances, conversion factor, complaints, H&S implementation);
- Accountancy department (trade and tax legislation, sales);
- Pellet mill supervisor (registration of inputs and outputs, moisture measurements);
- Technologist (conversion factor);

Also, BP shared responsibilities between staff intimately involved in pellet production. Their responsibilities are described in the internal staff manuals.

It should be stressed, that several specific requirements are not implemented as prescribed by applicable standards. Please see also NCRs 01/21 - 06/21.

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-000300	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	5 Supply Base
Description of Non-conformance and Related Evidence:	
<p>The supply base is incorrectly defined by the BP. The Supply Base is defined 4 forest districts located in the Irkutsk region of Russia. Interview with the BP's FSC department, verification at the Russian State Database of Roundwood Deals (USAIS) https://www.lesegais.ru/open-area/deal and on the HCVF website https://hcvf.ru/ru/maps/hcvf-irkutsk confirmed that the supply base includes at least 5 forest districts. Since the Supply Base is not defined correctly, but it is located within the Irkutsk region, a minor NCR has been raised.</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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000303	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
<p>The provided SBP Procedure (please see Exhibit 1) includes several gaps and conflicting points: 1. Section 2.1 refers to different versions of framework standards. 2. Several documents which are not applicable at the reassessment are mentioned in section 2.2. 3. The procedure does not include information that sawdust is procured. 4. Section 2.8 describes species composition which was used in the</p>	

pellet production. However, the BP declares the species composition includes only pine and larch. Also, larch and spruce were used for calculations. 5. Section 3.1 states that the SBP Responsible is in charge to control legality and origin, implementation of FSC principles, monitoring of conservation of nature values and protected species. Actually, staff from the BP's FSC certification department is responsible for the listed aspects. 6. Section 3.2.1 describes evaluation of inputs but is not clear to what kind of feedstock sub-sections 1 and 2 are related to. Also, it is not clear how an FSC claim could be identified at the stage of accepting raw material at the pellet mill. 7. GHG calculation methodologies provided in sections 3 and 4 do not match the ones implemented in practice. Due to the above, a major NCR has been raised.

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

NC number NC-000301		NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3	
Requirement:	3.1.8 Each BP shall record all data as specified in one of the three 'SBP Audit Report (SAR) for Energy and Carbon data' templates, where production and transportation of feedstock or biomass contributes to energy or carbon balance during the period of legal ownership by the BP: - BPs producing wood pellets shall complete the 'SBP Audit Report (SAR) for Energy and Carbon data for pellets'; - BPs producing only woodchips and energy logs and no other biomass with an SBP Claim shall complete one of the following templates: o 'SBP Audit Report (SAR) for Energy and Carbon data for pellets' if both stationary chipping and thermal treatment are carried out on a separate processing site. Any specific reference to pelletisation in the document may be ignored; o 'SBP Audit Report (SAR) for Energy and Carbon data for woodchips with stationary chipping' if only stationary chipping is carried out on a separate processing site, with or without phytosanitary treatment (see definition in section 2); or o 'SBP Audit Report (SAR) for Energy and Carbon data for woodchips with mobile chipping' if there is no separate processing site with chipping or thermal treatment, other than a standard phytosanitary treatment (see definition in section 2).	
Description of Non-conformance and Related Evidence:		
The BP has provided a SAR, but has major gaps were identified by the auditor in the accuracy of the data provided and therefore can not be approved by the CB.		

Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Comments from the SBP responsible; Updated SAR.
Findings for Evaluation of Evidence:	The BP has declared that the root cause of non-conformity is updated templates form last surveillance audit and not proper understanding of its requirements. The BP has provided an updated SAR with all relevant information in place. Actions undertaken by the BP are sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000302	NC Grading: Major
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:	
<p>The Organization uses conversion factor 0.588 to convert solid cubic meter of raw material used to produce pellets into tons. The CF was established using density of wood with moisture at 12%. The BP used an engineering reverse calculation to estimate mass of feedstock used to produce pellets. The following figures has been provided in the SAR: 124972.56 tons of sawdust with moisture of 48.23% was used to produce 95410 tons of pellets with moisture of 5.36%. Thus, based on an engineering calculation using the relative moisture formula with the data provided by the BP (mass and moisture of feedstock and pellets) the conversion factor equals 1,83 tons of feedstock per ton of pellets (ton/ton). The CF established in the BP based on actual measurements equals 1,31 ton/ton. Therefore, the real production is higher than the theoretical one on 39,6 %. Based on the above a major NCR has been raised.</p>	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Comments from the SBP responsible; Updated GHG data; Accountancy reports on production data; Credit account; Updated SAR.
Findings for Evaluation of Evidence:	The BP has analysed a root cause of the non-conformity. As per the BP the root cause is incorrect values of density used for calculation. The mistake is related to the incorrect method of converting tons of granules into the volume of raw materials and the volume of raw materials in tons. Since the BP has no actual data for the reporting period, specialists decided to use the mass balance formula $(100\% - W_{gr}) / (100\% - W_c)$ to calculate inputs (please see also a detailed justification in the SAR). The BP provided accountancy reports and on production data and the credit account to confirm a volume of the

	feedstock is sufficient. Relevant information about the feedstock is provided in the updated SAR. Actions undertaken by the BP are sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000299	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	6.2.7 The Legal Owner shall record the most operationally specific and detailed data that is practically available. Variable data shall never be older than 18 months. The methodology used and the justification for the data selection shall be recorded in the SAR. All mass and energy flows must be evaluated for the complete Reporting Period. Any derogation must be justified and recorded in the SAR.
Description of Non-conformance and Related Evidence:	
The feedstock is not measured on input. To estimate mass of feedstock and mass of biofuel the BP uses back calculation based on mass balance formula $(100\% - W_{gr}) / (100\% - W_c)$, where W_c - relative humidity of raw materials, % W_{gr} - relative humidity of fuel pellets, %. On-site verification and interview with responsible staff showed, that the BP has access to different types of data to use practically available information but these were not used. Instead, this mass balance formula was used which does not reflect the exact volume of material on input. 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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000298	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
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 BP uses waybills to estimate fossil fuel used by each vehicle. During sample verification of waybills, it was revealed, that time allocated to the pellet mill by one of the vehicles, which is partly involved at the pellet mill is not always registered in the waybills. Mostly only total time per shift is registered. For that vehicle, the BP used a calculation based on number of shovels of biofuel delivered to the mill. Evaluation of relevant log showed that the received value is not correct, as wrong volume data was used. Calculation made by the auditor based on waybills where time spent for the pellet mill is registered showed, that allocation of time shall be about 27 %. The BP's calculation shows that the allocation is about 50%. Since the BP inserted higher fuel consumption values in the SAR, 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:	Comments from the BP; Updated SAR.
Findings for Evaluation of Evidence:	The BP has analysed a root cause of the non-conformity. As per BP there was a gap in the accounting of the loader data due to the lack of separate accounting for different departments. To provide more accurate data in the SAR the BP took data from the waybills for February and March 2021 and extrapolated it to 12 months. The BP developed an updated approach of separate time registering for different departments. The approach is implementing. The BP provided an updated SAR with recent values. Actions undertaken by the BP are sufficient to close the non-conformity.
NC Status:	Closed

NC number NC-000304	NC Grading: Minor
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 does not include some parts of information as required by the SBR template. A Description of the Supply Base section of the provided SBR (3.1) does not include information about a comparison of the scale of harvesting compared to other forest-based industries in the region. An information about land use, ownership status, and socio-economic condition is not provided. Presence of IUCN and CITES species is not enclosed sufficiently for the supply base. Taking into account listed 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:	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 not approved
Certification decision by (name of the person):	Ondrej Tarabus
Date of decision:	27 Apr 2021
Other comments:	N/A