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

Third Surveillance Audit

www.sbp-cert.org

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

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Version 1.5: published 22 October 2020

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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:	Nikolai Tochilov
Audit team members:	-
Name of the Company:	ULK Group LLC
Company legal address:	17/1 Zavodskaya str., stlm. Oktyabrskiy, 165210 Ustyanskiy district, Arkhangelsk region, Russia
Company contact for SBP:	Ekaterina Krivosheeva
Company contact email:	e.krivosheeva@ulkust.ru
Company website:	N/A
SBP Certificate Code:	SBP-01-99
Date of certificate issue:	18 Jun 2018
Date of certificate expiry:	17 Jun 2023
Audit closing meeting date:	27 Apr 2021
Audit cycle:	Third 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 1.4	☐
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-014234	☐
	Transfer	☐

2.1 Description of the company

ULK Group LLC is one of the largest logging and timber processing enterprises in Russia. The group includes 4 sawmills (3 in the Arkhangelsk region and 1 in the Novgorod region) and 3 pellet plants (2 in the Arkhangelsk region and 1 in the Novgorod region). The scope of this certification covers one of the pellet plants situated in Arkhangelsk region, Ustyanskiy district, village Tarasonavolotskaya. Company runs both pellet and lumber production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Sawdust is used in pellet production; bark and wood chips are used in boiler for feedstock drying. The biomass is transported by railway to S.Peterburg and Ust-Luga harbours and then by vessels to different harbors all over the world (CIF, Incoterms). Pellet plant was commissioned in July 2018. Total annual production capacity of pellet plant is 150 000 tones.

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC Chain of certificate https://info.fsc.org/details.php?id=a0240000008nKWsAAM&type=certificate and implements FSC transfer system of claims. Pellets are produced of the FSC 100% secondary feedstock (sawdust) only, originating from own sawmill included into scope of the same FSC CoC certificate. Some share of roundwood is purchased by Organisation's sawmill as non-certified. Sawmilling wastes in such case are not accepted by pellet production, neither used by boiler, but sold at local market. It was confirmed during onsite inspection and staff members interviews that non-certified wood wastes generated during sawmilling are not stored onsite, but transported outside the production site to the local boiler room.

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.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Nikolai Tochilov	0,5
2. On-site (excl. travel time)	Nikolai Tochilov	10,5
3. Report writing	Nikolai Tochilov	4,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting	BP office	Nikolai Tochilov	26 Apr 2021/10:00
Evaluation of CoC critical control points	BP office	Nikolai Tochilov	26 Apr 2021/10:15
Evaluation of Supply Base (including SBR); DDS	BP office	Nikolai Tochilov	26 Apr 2021/11:00
H&S, complaints, legal compliance	BP office	Nikolai Tochilov	26 Apr 2021/12:00

Evaluation of management and monitoring system	BP office	Nikolai Tochilov	26 Apr 2021/13:00
Onsite inspection of production site	Production site	Nikolai Tochilov	26 Apr 2021/14:00
Energy use data review (SAR)	BP office	Nikolai Tochilov	26 Apr 2021/15:00
End of the day	BP office	Nikolai Tochilov	26 Apr 2021/17:00
Energy use data review (SAR)	BP office	Nikolai Tochilov	27 Apr 2021/09:00
Closing meeting	BP office	Nikolai Tochilov	27 Apr 2021/12:30

Auditor qualification		
Auditor name	**Role**	**Qualification**
Nikolai Tochilov	Audit team leader	NEPCon International Senior Auditor. In 2015 he successfully passed SBP auditor training in Tallinn, Estonia. Since that time he has conducted more than 50 SBP assessments and annual audits for biomass producers and traders in Russia, Belarus, Latvia, Portugal, Netherlands, Belgium, Germany and Vietnam.

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 existing FSC system and FSC system control points as well as GHG data availability.

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

During the opening meeting, audit team leader 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 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 implementation was reviewed focusing in the Critical Control Points, in particular it was verified reception of the material and it's classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales, 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.

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4.3 Sampling methodology

Staff interviews: the key staff involved in SBP certification was interviewed during the audit. Onsite inspection: during onsite inspection, auditor went through the whole production, starting with feedstock delivery to the pellet plant and ending with the storage of the biomass and its shipping to customers. Documents review: auditor has verified records related to feedstock input and biomass output; moisture measurements; electricity and diesel consumption. Special attention was paid to justification of conversion factor for pellet production, established by Organisation annually.

4.4 CB stakeholder engagement

Stakeholder consultations are n/a for this annual audit.

4.5 Stakeholder feedback

No stakeholder feedback received prior to, during, and after the audit.

5 Results

5.1 Main strengths and weaknesses

Strengths: use of the FSC transfer system; only FSC 100% secondary feedstock is sourced; non-certified feedstock is not accepted. Effective recordkeeping system. Small number of the management staff involved in SBP certification, and clearly designated responsibilities within the staff members.

Weaknesses: no weaknesses identified during this audit.

5.2 Rigour of Supply Base Evaluation

not applicable.

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production; biofuel for drying the feedstock; diesel for feedstock delivery and handling; diesel for biomass handling and shipping ; diesel and electricity for biomass transportation to customer. Diesel consumption value by vehicles (truck, front-end loaders, reach stacker) is based on actual measurements. Electricity consumption by pellet plant and boiler is based on readings obtained from installed electric meters and engineering calculations.

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities. Generally, SBP manager takes responsibility for implementation of almost all requirement related to SBP certification, including: SBP Procedure update; management and monitoring system implementation; SAR and SBR update; staff training; complaints resolution; SBP trademark use. The rest staff members involved to SBP certification are: timber purchase manager (collection of information about timber origin); sales manager (entering the deals into DTS, information on new routes and delivery distances for shipped biomass, preparation of SREG document); chief of pellet production (records of input and output volumes; moisture measurements); accountant (registration of diesel and electricity consumption); lawyer (legal compliance); H&S engineer (H&S responsible).

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

N/A

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):	Ondrej Tarabus
Date of decision:	22 Jul 2021
Other comments:	N/A