



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

First Surveillance Audit

www.sbp-cert.org



The promise of good biomass



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

© Copyright The Sustainable Biomass Program Limited 2020

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:	Grillkoff LLC
Company legal address:	Selizharovskiy district, vil. Yazykovo, 172201 Tver region, Russia
Company contact for SBP:	Larisa Fedorova
Company contact email:	bio@grillkoff.ru
Company website:	N/A
SBP Certificate Code:	SBP-07-92
Date of certificate issue:	27 Apr 2020
Date of certificate expiry:	26 Apr 2025
Audit closing meeting date:	21 Apr 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 1.4	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Primary, Secondary	☐
Feedstock origin (countries):	Russia	☐
SBP-endorsed Regional Risk Assessments used:	Not applicable	☐
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		☐
Chain of custody system implemented:	FSC: NC-COC-059377	☐
	Transfer	☐

2.1 Description of the company

Grillkoff LLC is a primary (sawmilling) and secondary (biomass producer) processor located in the Tver region, Russia. The main activity is a pellet production. The total annual production capacity of the pellet mill is 35000 tones. The BP purchases roundwood and wood chips from different suppliers located in the Tver region. Sawlogs are initially processed at the sawmill and then the residues (slabs) are chipped and used at the pellet production and for heating. Pulpwood and firewood are chipped and used at the pellet production and for heating as well. To produce SBP-compliant biomass the BP uses purchased wood chips and wood chips received from in-house sawmilling and chipping of certified sawlogs. Deciduous species are mostly used for pellet production.

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=a02f300000jmZe7AAE&type=certificate> covering the primary processing, which includes round wood sawmilling and chipping, and secondary processing (pellet production). During the reporting period to produce SBP-compliant biomass the BP used the following feedstock: secondary feedstock (wood chips) received with an FSC 100% claim from only one certified supplier; wood chips from chipping roundwood purchased from the neighbouring FMEs with an FSC 100% claim; residues from in-house sawmill, after processing roundwood received with an FSC 100% claim from the neighbouring FMEs. Transfer system of claims is used for pellet production. All pellets have an FSC 100% claim. The BP also produces non-certified pellets. Physical and temporal segregation procedures are implemented to prevent the mixing of certified and non-certified materials. The BP has established the conversion factors for the production of pellets based on actual production data. The BP calculates a sum mass of feedstock input at the pellet mill based on actual measurement (volume of roundwood delivered to the chipper and volume of wood chips). Then an obtained value is divided by mass of produced 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 coefficients;
- GHG data collection analysis and assessment of compliance with ID 5E ver. 1.4;
- DTS records and sales.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Mikhail Rai	0,5
2. On-site (excl. travel time)	Mikhail Rai	16,0
3. Report writing	Mikhail Rai	16,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	BP's office	Mikhail Rai	15 Apr 2021/13:30
<i>FSC and SBP Procedures review</i>	BP's office	Mikhail Rai	15 Apr 2021/14:00
<i>H&S Brief. Staff interview</i>	BP's office	Mikhail Rai	15 Apr 2021/14:30
<i>Site tour. Staff interview. CCP and GHG evaluation</i>	Production facilities	Mikhail Rai	15 Apr 2021/14:50

SAR	BP's office	Mikhail Rai	16 Apr 2021/09:00
<i>SBR. Feedstock origin</i>	BP's office	Mikhail Rai	16 Apr 2021/12:00
<i>SBR. Feedstock origin</i>	Remotely via Skype	Mikhail Rai	21 Apr 2021/09:00
<i>SAR. GHG data evaluation.</i>	Remotely via Skype	Mikhail Rai	21 Apr 2021/10:30
<i>Additional documentation review</i>	Remotely via Skype	Mikhail Rai	21 Apr 2021/11:30
<i>Closing meeting</i>	Remotely via Skype	Mikhail Rai	21 Apr 2021/12:30

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 carried out alongside the FSC CoC annual audit.

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 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 categorization 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 summarized, and preliminary audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

Impartiality commitment: Preferred by Nature commits to using impartial auditors and our clients are encouraged to inform Preferred by Nature management if violations of this are noted. Please see our Impartiality Policy here: <http://www.preferredbynature.org/impartiality-policy>

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

Not applicable.

4.5 Stakeholder feedback

Not applicable.

5 Results

5.1 Main strengths and weaknesses

Strengths:

- Use of the FSC transfer system; only feedstock with an FSC 100% claim is sourced.
- Effective recordkeeping system.
- Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

- Gaps in biofuel segregation procedures.
- Sourcing of non-certified materials and necessity of feedstock segregation.

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 for biomass transportation to customer;
- biofuel for heating.

Diesel consumption value by vehicles and is based on actual refueling data obtained in accountancy and measurements of average consumption for outsource vehicles. Electricity consumption by pellet plant (including lighting) is based on invoices and on a theoretical calculation (share between the sawmill and the pellet mill). Biofuel consumption is based the on actual measurement of shovels or vehicle bodies.

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:

- Director (overall responsibility, appointment of SBP Responsible, EUTR compliance and DDS implementation, trade and custom legislation);

- SBP responsible (SBP Procedures and systems update, feedstock origin, Supply Base, SBR, SAR, GHG data consolidation, electricity consumption, biofuel consumption, fossil fuel consumption, training of staff, comments and complaints, management and monitoring system);
- Head of the pellet mill or Chief Engineer (segregation procedures, OSH implementation);
- Chief Engineer (segregation procedures);
- Accountant (SREG (if applicable), DTS);
- Feedstock Record Keeper or Lab Assistant (moisture measurement, feedstock receiving and registration, distances);
- Lab Assistant (moisture measurement).

Also, the BP shared responsibilities between staff intimately involved in pellet production.

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-000474 (01/21)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	2 Scope
Description of Non-conformance and Related Evidence:	
Procedures designed and implemented by the BP does not include methodologies for segregation of certified and non-certified biofuel. The BP purchases roundwood and wood chips from certified and non-certified suppliers. As a biofuel the BP may use the following materials: • purchased wood chips; • wood chips received as residues from in-house sawmilling; • wood chips received when chipping low grade roundwood. The BP has separate woodyards to store different types of feedstock with different certification status. The BP has clearly described procedures for physical and temporal segregation of feedstock when changing from non-certified feedstock to certified feedstock in the FSC Procedure (please see Exhibit 2). The BP cleans out the production site and registers the change date in relevant logs. But the procedures extend only to feedstock. During site tour it was identified that the BP uses a separate bunker for wood chips used as a biofuel. During interview responsible staff explained that there are no documented procedures to clean out the biofuel bunker when changing from non-certified biofuel to certified. At the same time, the BP declares, that responsible staff are familiar with the requirements to use only certified feedstock as a biofuel, when producing certified wood pellets. Also, the BP states, that the volume of biofuel which could be kept in the bunker is burned during cleaning out the production line. As per BP it prevents mixing of certified biofuel with non-certified. The BP has not provided sufficient justification to confirm time for cleaning out the production line, technical characteristics of burner, volume of bunker, and others. Since, all feedstock and biofuel are stored separately prior to be received to the pellet mill and there is no evidence, that the BP uses non-certified biofuel when producing certified pellets, 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:	Updated SBP Procedure
Findings for Evaluation of Evidence:	The BP Provided an updated SBP Procedure, where the process of feeding biofuel to the pellet mill is included (section 9 of the SBP Procedure). A process is the following: The head of the pellet mill, or in his absence, the chief engineer, gives a command to the boiler room operator and to the tractor driver who works at the boiler room, that it is necessary to change the production to produce FSC 100% pellets. Before the change, the cleaning of the wood chips storage as well as the wood chips bunker is strictly monitored. At the same time, the cleaning of the wood chip storages for the production of pellets takes place, which takes about 5-6 hours. According to the SBP and as per the BP during this time, no pellets are produced. The BP also states that the time necessary for the cleaning process is sufficient for biofuel remains to be completely burned. As per the BP, it prevents the risk of

	mixing with a non-certified material. At the same time, the BP has not provided any evidence and figures confirming the time necessary for the cleaning process, biofuel feeding rate, possible biofuel stocks, etc. to confirm the sufficiency of the measures the BP carries out. The non-conformity is not closed.
NC Status:	Open

NC number NC-000475 (02/21)	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. Some sections are not filled in correctly. A Description of the Supply Base section of the provided SBR (3.1) does not include an overview of the proportions of SBP feedstock product groups showing the proportion of each which are certified and uncertified. Since the BP has sufficient information to provide the required information, and the issue is related to the incorrect completion of the template, 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-000476 (03/21)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock

Requirement:	15.1 The BP shall implement a management and monitoring system to maintain compliance with the requirements of this and all other relevant SBP Standards, together with a process of review and feedback into planning (CPET S6b).
Description of Non-conformance and Related Evidence:	
The BP did not follow internal procedures and requirements of the TMLA. The BP has used the SBP trademarks the initials "SBP" on the BP's website, but it was not approved with SBP as required by clause 7.2 of the TMLA. Furthermore, the BP's responsible staff did not follow their internal procedures (section 16), where a requirement included, that trademarks shall not be used prior to approval from SBP. 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:	Explanatory letter; Updated website; Comments from the BP.
Findings for Evaluation of Evidence:	During the audit, the BP provided an explanation of the reason for the non-conformity. According to the explanatory letter of 16.04.2021, during the development of the website, the certification information was indicated by the web designers (third-party organization) without negotiating with the BP. Trademarks have been deleted from the website. Web designers have been informed. The BP declares that in the future any use of trademarks will be sent for approval to the SBP. Actions undertaken by the BP are sufficient to close the NCR.
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):	Olesja Puiso
Date of decision:	09 Aug 2021
Other comments:	N/A