



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

First Surveillance Audit

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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

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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 (Pestovo)
Company legal address:	1/17 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:	http://ulkust.ru/
SBP Certificate Code:	SBP-08-08
Date of certificate issue:	23 Jun 2020
Date of certificate expiry:	22 Jun 2025
Audit closing meeting date:	10 Jun 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:	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 the pellet plant situated in Novgorod region, Pestovo. Company runs both pellet and lumber production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Sawdust and wood chips are used in pellet production; wood chips and barks are used as biofuels in burner for feedstock drying. The final product may be transported by train to different endpoints in Russia, on FCA delivery conditions, and to different endpoints in Europe on CIF 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 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 and wood chips) only, originating from own sawmill included into scope of the same FSC CoC certificate. Conversion factors are established and regularly revised based on actual production data. 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 in dryer.

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

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Nikolai Tochilov	0,5
2. On-site (excl. travel time)	Nikolai Tochilov	8,0
3. Report writing	Nikolai Tochilov	5,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/09:00
<i>H&S training to auditor; documents review regarding H&S; evaluation of feedstock input groups and Supply Base Report</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/09:45
<i>Evaluation of critical control</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/10:15

<i>points in FSC CoC</i>			
<i>Evaluation of management and monitoring system system; compliance with legal requirements; anti-corruption policy</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/11:30
<i>Energy use data review (including SAR)</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/12:30
<i>Onsite inspection of the pellet plant</i>	Pestovo, pellet production site	Nikolai Tochilov	10 Jun 2021/14:00
<i>Energy use data review (including SAR)</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/15:00
<i>Closing meeting</i>	Pestovo, BP office	Nikolai Tochilov	10 Jun 2021/17:00

Auditor qualification			
Auditor name	Role	Qualification	
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, Europe and Asia.	

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 representative from Organisation's management.

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 the 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 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

All steps where energy use occurs are included in the management system. The following energy sources are used by BP: electricity for pellet production; biofuel for drying the feedstock; diesel for feedstock handling; diesel for biomass handling, shipping and transportation to customer. Electricity and feedstock consumption values are based on actual consumption results. Diesel consumption value is based on combination of actual consumption data and engineering calculations.

5.4 Competency of involved personnel

Interviewed staff was well familiar with their responsibilities. Generally, SBP manager Ekaterina Krivosheeva takes responsibility for implementation of almost all requirements 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 and legality); 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); pellet plant operator (monitoring of the moisture of the biofuel used in dryer).

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):	Olesja Puiso
Date of decision:	28 Sep 2021
Other comments:	N/A