



NEPCon OÜ Evaluation of United Loggers OÜ Compliance with the SBP Framework: Public Summary Report

Fourth Surveillance Audit

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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:	Georg Sten Andrejev
Audit team members:	Toomas Tammeleht, Michael Kutschk
Name of the Company:	United Loggers OÜ
Company legal address:	Saksa küla, Rätsepa talu, 79005 Raplamaa, Kehtna vald, Estonia
Company contact for SBP:	Peeter Volke
Company contact email:	peeter.volke@united-loggers.ee
Company website:	N/A
SBP Certificate Code:	SBP-01-82
Date of certificate issue:	20 Jun 2017
Date of certificate expiry:	19 Jun 2022
Audit closing meeting date:	19 Feb 2021
Audit cycle:	Fourth 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	<input type="checkbox"/>
Approved Standards:	SBP Standard 1: Feedstock Compliance Standard; SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	Yes	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Chips	<input type="checkbox"/>

Feedstock types:	Primary	<input type="checkbox"/>
Feedstock origin (countries):	Estonia, Poland, Germany, Latvia	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Estonia	<input type="checkbox"/>
Chain of custody system implemented:	FSC: FSC Certificate Code: SCS-COC-007993; SCS-CW-007993	<input type="checkbox"/>
	Transfer	<input type="checkbox"/>

2.1 Description of the company

United Loggers OÜ is a wood chips producer, who also trades round timber. Their main activity is trading of fuel chips and firewood. All material for biomass production originates from Estonia, Latvia, Germany and Poland. They also offer timber-chipping services for other companies. United Loggers was founded in 2003 and is based on Estonian capital. United Loggers is the owner of the independent subsidiaries United Loggers Latvia and SIA Green Energy also based in Latvia. Latvian companies are not in the scope of this SBP evaluation. Organization holds valid FSC COC certificate SCS-COC-007993/SCS-CW-007993, covering FSC transfer system. Transfer system is used in 12 different storage yards, that company is using for storing wood chips and roundwood. Transfer system is used to segregate biomass with different FSC claims in the storage area. FSC certification also includes controlled wood verification system for roundwood originating from Estonia. Transfer system also covers trading of wood chips and roundwood without physical possession directly from the forest to the client. The primary raw material comes from cross-cut roundwood, unlopped trunks, timber offcut, tops and branches. The material originates from a variety of forests, where clear cutting, salvage cutting or thinning have been undertaken according to the management plans. Raw material may also originate from land improvement or crop land restoration and renewal sites. Chipping takes usually place in the forest, in case of roundwood, it can also be transported to storage yards and chipped there, if needed. All feedstock for SBP-Compliant biomass production are PEFC or FSC certified or controlled by FSC CW verification program, where also Supply Base Evaluation is implemented. Company is implementing SBE for all primary feedstock from Estonia, that is not received with FSC 100% or FSC Mix Credit Claim (in Poland all material is received with FSC claim and in Germany with PEFC claim) and already meet the criteria for SBP-Complaint biomass. Company is not purchasing any SBP non-compliant feedstock, entire feedstock is meeting the requirements of SBP-compliant feedstock. In Latvia the organisations plans to trade SBP certified woodchips. Trading chips from Latvia hasn't been done during audit period. Company is also planning to start trading chips from Germany in near future. Wood chips are sold based on FOB incoterm conditions. Sale can be made through Pärnu, Virtsu, Saaremaa, Paldiski,

Kunda, Sillamäe, Roomassaare, Heltermaa, Ventspils, Wismar, Gdansk and Darlowo harbours according to FOB incoterms.

2.2 Detailed description of the Chain of Custody system

Organization holds valid FSC COC certificate SCS-COC-007993/SCS-CW-007993, covering FSC transfer system. Transfer system is used in 12 different storage yards, that company is using for storing wood chips and roundwood. Transfer system is used to segregate biomass with different FSC claims in the storage area. FSC certification also includes controlled wood verification system for roundwood originating from Estonia. Transfer system also covers trading of wood chips and roundwood without physical possession directly from the forest to the client. The primary raw material comes from cross-cut roundwood, unlopped trunks, timber offcut, tops and branches. The material originates from a variety of forests, where clear cutting, salvage cutting or thinning have been undertaken according to the management plans. Raw material may also originate from land improvement or crop land restoration and renewal sites. Chipping takes usually place in the forest, in case of roundwood, it can also be transported to storage yards and chipped there, if needed.

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. This is the fourth surveillance audit of the SBP system.

The scope of the evaluation covered:

- Review of the BP's FSC and SBP management procedures
- 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
- Review of Public Consultation of the risk assessment process
- Evaluation of mitigation measures implemented for primary feedstocks from Estonia
- Review of records
- Evaluation of mitigation measures implemented

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Toomas Tammeleht, Georg Sten Andrejev	16,0
2. On-site (excl. travel time)	T. Tammeleht, G.S. Andrejev, M. Kutschke	24,0
3. Report writing	Toomas Tammeleht, Georg Sten Andrejev	24,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Remotely in NEPCon office	Toomas Tammeleht, Georg Sten Andrejev	19 Jan 2021/10:00
<i>Overview of procedures</i>	Remotely in NEPCon office	Toomas Tammeleht, Georg Sten Andrejev	19 Jan 2021/10:15
<i>Risk assessment, interviews</i>	Remotely in NEPCon office	Toomas Tammeleht, Georg Sten Andrejev	19 Jan 2021/13:00

<i>Interview with bookkeeper, purchase/sales invoices</i>	Remotely in NEPCon office	Toomas Tammeleht, Georg Sten Andrejev	19 Jan 2021/15:00
<i>Closing meeting of the day</i>	Remotely in NEPCon office	Toomas Tammeleht, Georg Sten Andrejev	19 Jan 2021/16:00
<i>Visiting port of Virtsu</i>	Virtsu port	Georg Sten Andrejev	21 Jan 2021/16:00
<i>Visiting storage yard in Kunda</i>	Kunda	Toomas Tammeleht	25 Jan 2021/15:00
<i>Visiting storage yard in Germany</i>	Wismar	Michael Kutschke	16 Feb 2021/15:00
<i>Closing meeting</i>	Remotely in NEPCon office	Georg Sten Andrejev, Toomas Tammeleht	19 Feb 2021/13:00

Auditor qualification		
Auditor name	Role	Qualification
Georg Sten Andrejev	Audit team leader	BSc in Forest Industry. Works for NEPCon since august 2019. He has passed NEPCons chain of custody and forest management leadauditors training. Has working experience in timber industry. Sten successfully completed SBP training course and he has practical experience with carbon footprint certification.
Toomas Tammeleht	Audit team member	BSc in forestry and MSc in industrial ecology. Toomas has been working in NEPCon as an auditor since 2016. He has passed NEPCons forest management and chain of custody leadauditors training. Has participated in over 10

		FSC forest management audits and has conducted over 100 Chain of Custody audits. He has previously worked for Environmental Inspectorate. Toomas successfully completed SBP training course and he has practical experience with carbon footprint certification.
Michael Kutschke	Audit team member	He has a professional background in forestry. He has worked in several state enterprises doing forest inventories. He went to New Zealand for a year to work in a forest research company in addition to a reforestation programme. He also participated in a project related to GPS logging in Norway. He joined NEPCon in 2014.

4.2 Description of evaluation activities

Audit was carried out on 19.01.2021, 21.01.2021, 25.01.2021, 16.02.2021 and closing meeting was done 19.02.2021. Audit included interviews in central office, 2 storage yard visits in Estonia (Virtsu 21.01.2021 and Kunda 25.01.2021), 1 storage yard visit in Germany Wismar 16.02.2021.

Total of 5 days were used for this evaluation – 2 day of preparations, 3 days for on-site auditing and 3 day on reporting.

Current evaluation was carried out through Skype call in NEPCon OÜ office, because of Coronavirus restrictions in Estonia, 3 storage yards were visited during the on-site audit. Also a woodchipper operator was interviewed over the phone. In most of the cases chipping is done in forest but in case Saaremaa port and Virtsu port some of the chipping may take place in port. During the audit no chipping activities were taking place in ports.

Only four people – general manager, bookkeeper and two regional managers are responsible for implementing SBP system in the company. The bookkeeper was interviewed over the phone. The evaluation was conducted by two auditors in Estonia and one in Germany.

Evaluation started 19.01.2021 with an opening meeting over the Skype video call, where auditor described the audit criteria, principles, standards and audit agenda to the responsible person.

Wismar port was visited on 16.02.2021 by one of the auditors.

Opening meeting was followed by review of BP's Supply Base Report and company's SBP and FSC management systems, including volume summary review, material origin verification processes, supplier FSC certificate verification procedures as well as verification of purchase invoices.

Next, review of implementation of Supply Base Evaluation was evaluated, including review of mitigations measures implemented by the BP, system for monitoring of results for mitigation measures, supplier agreements, declarations and purchase acts.

Review of SAR documents that were prepared by the BP together with standard 5 check-list was evaluated next. This included review of methodology used to collect and calculate energy and carbon data.

This was followed by inspection of sales process – system for compiling sales invoices and using DTS was discussed.

21.01.2021 auditor visited storage yard in Estonia – Virtsu port. Other auditor visited Kunda storage yard 25.01.2021.

BP has 4 permanent storage sites in Estonia, 1 in Germany. Contract for Poland storage sites has ended and are not used. For sampling of permanent storages following formula was used $0,6 \cdot \sqrt{\text{quantity of storages}}$. In Estonia there are 4, in Latvia 1 and in Poland 2 logistic sites.

4.3 Sampling methodology

For sampling of permanent storages following formula was used $0,6 \cdot \sqrt{\text{quantity of storages}}$. In Estonia there are 4, in Latvia 1 and in Poland 2 logistic sites. Also a woodchipper operator, bookkeeper and other responsible persons were interviewed over the phone and skype. Purchase process and mitigation measures were discussed and shown. Auditors randomly checked purchase documentation and verified the origin of material. Also sales documentation and DTS was checked.

4.4 CB stakeholder engagement

N/A. Annual audit.

4.5 Stakeholder feedback

N/A. Annual audit.

5 Results

5.1 Main strengths and weaknesses

Main strengths: Entire feedstock used for production meets the criteria for SBP-Compliant or SBP-controlled feedstock

Weaknesses: See the non-conformities below.

5.2 Rigour of Supply Base Evaluation

The Supply Base Evaluation was implemented only for primary feedstock sourced from Estonia. United Loggers OÜ has implemented SBE for primary feedstock that is originating from Estonia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim or SBP-approved Chain-of-Custody (CoC) System claim.

The scope of the SBE was chosen based on the availability of the SBP-endorsed Regional Risk assessments as well as the actual operations of the company are undertaken in Estonia with local primary feedstock only.

The risk assessment used by the organization is the Approved Regional SBP Risk Assessment for Estonia available at the SBP website. One indicator is identified as specified risk in this risk assessment and the organization has implemented mitigation measures (see section 7 of SBR).

5.3 Collection and communication of data

BP has a system to gather and record Greenhouse Gas emissions. During the audit, BP made detailed overview of the systems and databases to gather and record GHG data that is required by SBP for wood chip producers. All the GHG information is indicated in SAR document. All evidence was provided to auditors, auditors considered it sufficient enough to fulfil the requirements.

5.4 Competency of involved personnel

There are 4 persons working in the company, who are responsible for implementation SBP system, including SBE – general manager/board member and two regional managers and the bookkeeper. Overall responsible person for implementing the systems is general manager. Supply Base Evaluation was carried out by internal staff only, as there is SBP-approved regional risk assessment available for Estonia and only one specified risk indicator defined, which necessarily do not need external experts to be involved to mitigate the risk. It was confirmed during the interviews, that staff involved has long experience in forestry sector and have sufficient competences to undertake SBE. Competence requirements are also described in

the SBP-procedures, where justification of the selection of personnel as well as description of education and experience are included.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

The mitigation measures described below will only be applied for feedstock that is in the scope of the SBE as described in section 4.1. The responsible person for the implementation of the SBE is the general manager of United Loggers OÜ who is also the overall responsible person for the company's FSC and SBP certification systems.

Primary feedstock

All deliveries of primary feedstock that has been harvested in Estonia, but is not FSC or PEFC certified, United Loggers will verify that it has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements. United Loggers will use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: <http://register.metsad.ee/avalik/> or at least biannually renewed databases from competent authorities¹² that covers forest and non-forest lands) to verify that the delivered primary feedstock has not been sourced from WKHs. During the reception and registration of primary feedstock, will be carried out the following control procedure within the SBE:

1. Has the supplier signed an agreement and committed not to supply wood from WKHs?

1.1 If yes, go to 2.

1.2 If no, the products cannot be sourced.

2. Can the products be traced back to the logging site in forest (catastre number available)?

2.1 If yes, go to 3.

2.2 If no, the products cannot be sourced.

3. Is there a felling permit issued?

3.1 If yes, go to 5.

3.2 If no, go to 4.

4. Fellings from not woodlands and without felling permit (according to forest act).

4.1 Is there is no WKHs on the FMU according to available information (information about WKH is controlled according to catastre unit from public forest registry): the products can be sourced.

4.2 Is there is a WKHs on FMU an on-site the products cannot be sourced as SBP-compliant.

5. Does the logging site defined in the felling permit, match with the WKH location (information about WKH is controlled according to catastrophe unit from public forest registry)?

5.1 If yes, the products cannot be sourced as SBP-compliant.

5.2 If no, the products can be sourced.

The control procedures carried out by the regional manager of feedstock delivered both with and without a felling permit are described under section 7.2 in SBR. The regional manager shall forward approved feedstock verification and data to the recipient of the feedstock, who then carries out a control of origin on delivery. The recipient shall compare the data on delivery documents to that in the felling permit and other previously databases. No goods are to be accepted in case of irregularities or false data. All instances, were primary feedstock from WKHs been offered will be recorded in a register.

In overall, auditors evaluate the competency of main responsible staff to be sufficient for implementing the SBP system and the effectiveness of the mitigation measure itself. This has been based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as field observations during the assessment. Responsible staff explained how the mitigation for WKH is done. Documentation was presented and using of databases demonstrated, how responsible staff is controlling whether primary feedstock is originating from WKH or not. Auditor consider that measures were effective in addressing the risks.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
Estonia	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management	WKHs (Woodland Key Habitat) are forest habitats with high probability of present occurrence of endangered, vulnerable and rare species. The WKH system is a tool to address high conservation value forest habitats in managed forests thus they are the primary mechanism for protection of ecologically valuable areas which are located within commercially managed forests. According to Estonian legislation WKHs protection is optional for private forest owners. They can sign a contract with the state and protect the WKH. In this case, the state pays compensation to the	<p>The mitigation measures described below will only be applied for feedstock that is in the scope of the SBE as described in section 4.1. The responsible person for the implementation of the SBE is the general manager of United Loggers OÜ who is also the overall responsible person for the company's FSC and SBP certification systems.</p> <p>Primary feedstock</p> <p>All deliveries of primary feedstock that has been harvested in Estonia, but is not FSC or PEFC certified,</p>

	<p>activities.</p>	<p>owner for protecting the WKH. If the private forest owner do not want to protect the WKH, then it is allowed to cut it. It is possible to determine the location of WKHs in Public Forest Registry and in case felling permit is issued it is possible to see if the material is cut from WKH or not. In case the felling are done without felling permit (it is allowed to do small scale sanitary cutting without felling permit) the on-site visit is only way to see if the WKH is untouched or not. Please see section 7 for a description of the detailed mitigation actions. In state forest and in FSC/PEFC certified private forest and in private forests where WKH contract has been signed, WKH are protected.</p>	<p>United Loggers will verify that it has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements. United Loggers will use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: http://register.metsad.ee/avalik/ or at least biannually renewed databases from competent authorities¹² that covers forest and non-forest lands) to verify that the delivered primary feedstock has not been sourced from WKHs. During the reception and registration of primary feedstock, will be carried out the following control procedure within the SBE:</p> <ol style="list-style-type: none"> 1. Has the supplier signed an agreement and committed not to supply wood from WKHs? 1.1 If yes, go to 2. 1.2 If no, the products cannot be sourced. 2. Can the products be traced back to the logging site in forest (catastre number available)? 2.1 If yes, go to 3. 2.2 If no, the products cannot be sourced. 3. Is there a felling permit issued?
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			<p>3.1 If yes, go to 5.</p> <p>3.2 If no, go to 4.</p> <p>4. Fellings from not woodlands and without felling permit (according to forest act).</p> <p>4.1 Is there is no WKHs on the FMU according to available information (information about WKH is controlled according to catastre unit from public forest registry): the products can be sourced.</p> <p>4.2 Is there is a WKHs on FMU an on-site the products cannot be sourced as SBP-compliant.</p> <p>5. Does the logging site defined in the felling permit, match with the WKH location (information about WKH is controlled according to catastre unit from public forest registry)?</p> <p>5.1 If yes, the products cannot be sourced as SBP-compliant.</p> <p>5.2 If no, the products can be sourced.</p> <p>The control procedures carried out by the regional manager of feedstock delivered both with and without a felling permit are described under section 7.2 in SBR. The regional manager shall forward approved feedstock verification and data to the recipient of the feedstock, who then carries out a control of origin on delivery. The recipient shall compare the</p>
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			<p>data on delivery documents to that in the felling permit and other previously databases. No goods are to be accepted in case of irregularities or false data. All instances, were primary feedstock from WKHs been offered will be recorded in a register.</p>
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7 Non-conformities and observations

NC number NC-000044	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 5.1 The SBR shall be formally updated every year (i.e. every 12 months). Each annual update shall provide actual values for the previous 12 months and forecast values for the following 12 months.
Description of Non-conformance and Related Evidence:	
<p>Company has procedures in place for reviewing and updating SBR at least annually. Before the audit company got information that now is audit portal used for SBR-s. During the audit, it was noted that SBR was not fully concise, with several aspects missing from the SBR or containing wrong data. For example there was tenure type missing, forest types, hecatres of certified forest by scheme, hardwood and softwood percentages wrong, biomass percentage from harvested wood missing. Requirement is that SBR has to be updated formally every year and needs to include up-to-date data. Since there has been non-conformance raised under the same criterion during the certification cycle and all data in SBR wasn't up-to-date auditors decided to raise Major NCR 01/21.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Updated SBR, interviews with responsible persons.
Findings for Evaluation of Evidence:	<p>Organisation updated SBR in SBP audit portal. Since audit portal is new to use then it was human mistake that some data was wrong or missing from there. Updated SBR includes matching and correct data. Interviews with general manager and regional manager confirmed that they are aware how to fill the SBR-s. Auditors decided to close NCR before finalising the report.</p>
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):	Pilar Gorria Serrano
Date of decision:	15 Mar 2021
Other comments:	N/A