

NEPCon Evaluation of Unitary Production Enterprise «Lyes» Sankevicha S.S. Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

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1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382

Current report completion date: 15/May/2020

Report authors: : Aliaksandr Zubkevich

Name of the Company: Unitary Production Enterprise «Lyes» Sankevicha S.S., Republic of Belarus, Minsk region, Starye Dorogi, Mira street, 12

Company contact for SBP: Dmitriy Sankevich, deputy director +375 29 6266785, e-mail: lyos1991@inbox.ru

Certified Supply Base: sourcing from Republic of Belarus

SBP Certificate Code: SBP-07-99

Date of certificate issue: 15/May/2020

Date of certificate expiry: 14/May/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office located in Starye Dorogi and production site located in Shapchitsy village, Minsk region, Belarus.

Scope description: Production of wood pellets in Minsk region, Belarus, for use in energy production and its transportation by rail to Belarusian/Lithuanian border, Gudogai railway station and FCA Starye Dorogi (gate of the BP). The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

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
- Assess compliance against Instruction Document 5E: Collection and Communication of Energy and Carbon Data

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

The organization has sawmill and two pellet plants, one of which is located in Shapchitsy village and included in SBP certificate scope (name BP below in the text). Total annual production capacity of this pellet plant is expected to be 18000 tones.

Sawdust is used in pellet production and forest residues (low quality roundwood, dead wood) for the drier.

The all secondary feedstock used for pellet production originates from Belarus and is FSC certified. Non certified feedstock processed on other pellet plant of the same organization, these pellets are sold separately. The BP implements FSC transfer system and produced biomass was sold with FSC 100% claim. Non certified feedstock is used on another pellet plant of the same organization and therefor is segregated during all the production and storage processes.

The biomass is expected to be transported by rail to Belarusian/Lithuanian border, Gudogai railway station as well as sold at factory gate.

5.2 Description of Company's Supply Base

The organization is a privately-owned company. It's main activity is production of lumber and production of heating pellets. The BP uses certified. Non-certified raw materials are used on other pellet plant of the same organization for the production of fuel pellets on the domestic market.

For the production of certified pellets certified raw materials are used (100% of feedstock (sawdust) with an FSC 100%. from 5 supplier. During the during the reporting period the BP was purchasing FSC 100% certified feedstock only, which is acceptable for production of the SBP complaint biomass.

The following tree species are used: *Alnus Glutinosa.*; *Betula pendula*; *Carpinus betulus L.*; *Picea abies*; *Pinus sylvestris*; *Populus tremula*; *Quercus robur*.

In the Republic of Belarus, forests are one of the main renewable natural resources and the most important national wealth. The total land area of the forest fund is 9.582 million hectares. Forest-covered lands occupy 8.26 million hectares. Forest cover of the territory of the Republic of Belarus reached 39.8%. The total standing stock of wood stands at 1,796 million cubic meters, including 296 million cubic meters of ripe and mature plantings. As a result of focused work on the reproduction of forests, the area covered by forests is increasing. So, over the past 60 years, the forest cover of the republic has almost doubled and reached its maximum values for more than a century. The increase is occurring both naturally and due to afforestation of badlands unsuitable for agriculture. In Belarus, along with an increase in the total area of the forest fund, a steady growth in the areas of ripening, ripe and overripe stands is observed. The share component of ripe and mature forests is 14.7%. The average age of stands is 56 years.

In the forests of Belarus 28 species of trees and about 70 species of shrubs grow. The most common tree species are: ordinary pine - 50.3%, birch - 23.2%, European spruce - 9.2%, black alder - 8.5%, oak - 3.4%, aspen - 2.1%.

Depending on the functions performed, the lands of the forest fund are divided into forests of the first and second groups. The first group includes specially protected natural territories, the share of which is 52%, the second group includes production forests intended for timber harvesting (48%).

In accordance with the legislation of the Republic of Belarus, all the lands of the forest fund are in state ownership and transferred to the use and management of state forestry institutions. Forest management in

Belarus is carried out according to the principle continuity and inexhaustibility. The average annual wood harvest is about 18 million cubic meters per year, of which:

- main cutting (in ripe stands) 40%;
- thinning and sanitary felling (in young, middle-aged and ripening stands 48%);
- other felling 12%.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. So in 2018 reforestation and afforestation carried out on a total area of 41.82 thousand hectares, including 34.8 thousand ha of new forests laid due to sowing and planting forests.

When harvesting wood, according to the forest legislation of the Republic of Belarus, individuals listed in the Red Book and their habitats are subject to conservation. Cutting of valuable, endangered and specially protected tree species is prohibited.

In Belarus there are two republican reserves - the Berezinsky Biosphere Reserve (85.2 thousand ha) and the Polessky State Radiation and Ecological Reserve (216.1 thousand ha), and four national parks - Belovezhskaya Pushcha (152.962 thousand ha), Braslav Lakes (69.115 thousand hectares), Narochansky (93.3 thousand hectares) and Pripyatsky (85.841 thousand hectares), 334 reserves of republican and local significance and 874 natural monuments.

Forest certification is an effective tool to combat illegal logging and illegal timber trafficking. Two schemes of forest certification have found their place in the Republic of Belarus - the forest certification system FSC (Forest Stewardship Council) and the forest certification system of the National Conformity Certification System, recognized by the Pan-European Forest Certification Council (PEFC).

In Belarus, the forest industry consists of forestry (13.5%), woodworking (69.5%) and pulp and paper industry (16.4%). The woodworking industry is one of the largest industries in Belarus. Woodworking accounts for approximately 2% of the total manufacturing industry of the Republic of Belarus. Forest share industry in the country's GDP is approximately 1.1%. Timber products and services are exported to 30 countries. No CITES species are identified within the supply base.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 9,582 mln. ha
Tenure by type (ha): public 9,582 mln. ha
Forest by type (ha): temperate 9,582 mln. ha
Forest by management type (ha): managed natural 9,582 mln. ha
Certified forest by scheme (ha): 9,4 mln. ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet:
https://les.deal.by/promo_docs

5.4 Chain of Custody system

The BP holds valid FSC Chain of certificate

<https://info.fsc.org/details.php?id=a023300000WkTwxAAF&type=certificate>

The organization implements FSC transfer system of claims. The input material used by the Organisation for biomass production contains only secondary feedstock - sawdust for pellet production. Forest residues (low quality roundwood, dead wood) are used for the drier. All secondary feedstock (sawdust) was sourced by the organization for pellet plant (BP) included in the SBP certificate scope during reporting period from 5 external supplier with FSC 100% claim. The organization sourced for pellet production both FSC certified feedstock and non-certified feedstock. The organization has the segregation system in place – non certified feedstock is processed on another pellet plant not included in SBP certificate. Incoming sawdust reception register and supplier list are maintained. All material is checked during the arrival.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on 02.04.2020 (8 h). Evaluation activities included documents review at office, inspection of production facilities and staff interviews. Document review was conducted during 2 hours on 18.03.2020.

Activity	Location	Date/time
Opening meeting and brief documents review.	Office	02/04/2020 9.00-09.20
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	02/04/2020 09.20-15.00
Chain of custody review (site tour); staff interview	Production facilities	02/04/2020 15.00-16.30
Closing meeting	Production facilities	02/04/2020 16.30-17.00
Review of evidences prepared by the BP to close Major NCRs	Minsk	11.05.2020

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Aliaksandr Zubkevich Lead auditor Evaluation against all applicable requirements	Mr Aliaksandr Zubkevich has education of engineer-economist in timber industry. He had postgraduate study at the Belarusian State Technological University. A. Zubkevich has passed FSC CoC/ FM lead auditor training course, Legal Source, ISO 14001 and SBP training coursed. Previous experience in woodworking industry and SBP pre-assessment and assessments in Belarus.

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.

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 prior of the assessment. Assessment started with an opening meeting attended by the representatives from Organisation's management and staff.

Lead auditor 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 approval 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, management system, CoC, 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.

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 assessment findings were summarised and assessment conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

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

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 25.11.19 by sending direct email to different stakeholder categories (more than 120 recipients). No comments from the stakeholders have been received. List of informed stakeholders 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.

7 Results

7.1 Main strengths and weaknesses

Strengths: Use of the FSC transfer system. Only FSC certified (FSC 100%) feedstock is used for the pellet plant (BP) included in the scope of the SBP certificate. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: Accounting system is in Excel sheets and due to this more time need to get data. Several Major non-compliance reports concerning volume recording and conversion factors, mistakes in SBR was formulated by the auditor.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Collection and Communication of Data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock handling, shipping and for biomass transportation to customer. Electricity consumption value is based invoicing from supplier; diesel consumption value is based on accounting system.

7.4 Competency of involved personnel

SBP related staff responsibilities are presented in Section 3 of the SBP Procedure. Interviewed staff was well familiar with their responsibilities. Generally, very few staff members are involved into SBP certification: SBP responsible/ deputy (maintaining of the management system, staff training, volume recording, invoicing, DTS), master of pellet plant (moisture measurements, weight of biomass produced). Prior SBP assessment, BP was partly supported by external consultant.

7.5 Stakeholder feedback

No feedback from stakeholders have been received prior, during and after this assessment.

7.6 Preconditions

Several Major non-compliance reports concerning volume recording and conversion factors, mistakes in SBR was formulated by the auditor. Prior finalization of report the BP has undertaken several steps to close NCR. Precondition was solved/ closed.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Not applicable.

9 Review of Company's mitigation measures

Not applicable.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 01/20	NC Grading: Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock 6.2 The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock.
Description of Non-conformance and Related Evidence:	
The major part of sawdust volume originates from sawmills belonging to forest management enterprises. It is confirmed by reviewing of purchase agreements with these FMUs and waybills. The BP also sources sawdust from FSC certified private sawmill. The responsible for SBP was not able to provide records of place of harvest for this primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock. Due to small volume supplied by this supplier and low probability that wood may be out form the Republic of Belarus auditor raised minor non conformance	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number 02/20	NC Grading: Major
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Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock. Instruction document 2C 4.1. The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website
Description of Non-conformance and Related Evidence:	
The BP has prepared SBR and submitted first Russian version prior the assessment. Review of reports showed that some information is not correct, f.e. about number of suppliers and volumes of feedstock and etc.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Updated SBRs
Findings for Evaluation of Evidence:	Prior finalization of report the BP have corrected SBR. Review of reports confirmed that they concise and cover the most important features.
NC Status:	Closed

NC number 03/20	NC Grading: Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock. Instruction document 2C 20.1. The BP shall ensure that all comments or complaints regarding any aspect of the SBR, SBE and SBP certification are documented and promptly investigated, with remedial action being taken where appropriate
Description of Non-conformance and Related Evidence:	
Procedure of addressing comments and complaints is not included in SBP Procedure of the BP. The SBP manager is aware about this requirement. There were no any comments received.	
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:	
Findings for Evaluation of Evidence:	

NC Status:	Open
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NC number 04/20	NC Grading: Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock. Instruction document 2C 20.2. The BP will inform SBP of any substantiated complaints within 30 days of the completion of the BP's analysis of the complaint
Description of Non-conformance and Related Evidence:	
Procedure of addressing comments and complaints including informing of SBP of any substantiated complaints is not included in SBP Procedure. The SBP manager is aware about this requirement.	
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:	
Findings for Evaluation of Evidence:	
NC Status:	Open

NC number 05/20	NC Grading: Major
Standard & Requirement:	Standard #4: Chain of Custody 5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.
Description of Non-conformance and Related Evidence:	
The following average conversion factor was established by BP: 2.7 solid m3 of secondary feedstock (sawdust) for production of 1 tone pellets and 1,02 solid m3 of forest residues for drier (dead wood). The SBP manager could not explain how the conversion factor is received. The BP hasn't provided any methodology of conversion factor calculation. Major NCR was formulated by the auditor.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Records of conversion factor measurements dated 06.04.2020, 07.04.2020 and 14.04.2020

Findings for Evaluation of Evidence:	Prior finalization of report the BP have changed procedures of conversion factor calculation. SBP manager explained that starting from April 2020 year once per month the BP plan to do control measurements of conversion factor. The SBP manager have sent documents to auditor confirming that such measurements were already done. The BP came up with conversion factor 1,8 solid m3 of sawdust per tonne pellet with average moisture 42% and 0,9 fuel wood for the drier. The conversion factor for sawdust per tonne pellet is seems realistic, conversion factor for drier is higher than average in the branch. Taking in account that the BP has implemented conversion factor measurements into practice auditor recommend to close NCR.
NC Status:	Closed

NC number 06/20	NC Grading: Minor
Standard & Requirement:	Instruction document 5E 6.2.2 The BP must inform its CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. In that case, a new audit shall be required as soon as stable operations have been reached during three (3) consecutive months after the change has occurred
Description of Non-conformance and Related Evidence:	
There are no requirement in SBP procedure to inform CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%.	
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:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 07/20	NC Grading: Minor
Standard & Requirement:	Instruction document 5E 6.5.3 The BP shall justify the data and methodology used for reporting energy and carbon data and this shall be recorded in the SAR and verified by the CB

Description of Non-conformance and Related Evidence:	
The BP has submitted data in SF, but in some cases didn't provide justification for data provided, for example: 1) p.3.2.1 – it was not explained in SAR that two electricity meter is installed, and electricity consumption cover also drier of lumber 2) 3.3.1 – it was not mention that moisture was not measured before and that data in SAR is based on moisture records of few days of April, Taking in account that SBP manager was able to explained and document data provided in the SAR and the only question is quality of SAR preparation the minor NCR was issued.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

11 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:	1/May/2020
Other comments:	<i>Click or tap here to enter text.</i>