Sustainable Biomass Program

NEPCon Evaluation of Pelletizer LLC 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

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

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1 Overview

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

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Current report completion date: 06/Mar/2020

Report authors: : Nikolai Tochilov, Siarhei Minkevich

Name of the Company: Pelletizer LLC, Legal and production site address: 213170, Republic of Belarus, Mogilev region, Belynichy district, Moschanytsky village council, 5, Arched building in the area of the village Oleshkovichi

Company contact for SBP: Darya Karankevich, chief accountant. Mob.: +375291598105; Email: buhgalter@belpellet.by

Certified Supply Base: Belarus

SBP Certificate Code: SBP-07-66

Date of certificate issue: 17/Mar/2020

Date of certificate expiry: 16/Mar/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope of certificate includes production of wood pellets for use in energy production and its transportation by different means of transport to different end points in Belarus. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate 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 and assessment of compliance with ID 5E ver. 1.0.

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

Pelletizer LLC is a secondary processor (biomass producer) with production capacity of 7000 tone pellets/year, located in Mogilev region, Belarus. BP was established in 2012 and has 27 staff members. The BP holds valid FSC CoC certificate covering biomass production only, and uses only FSC 100%-certified feedstock for pellet production (sawdust, wet and sometimes dry) and heating (firewood). All feedstock is purchased from external suppliers which are state forest management enterprises (in Belarus normally each state forest management enterprise has its own sawmill). Feedstock is delivered to production site by BP's own trucks.

5.2 Description of Company's Supply Base

Pelletizer LLC is a biomass producer located in the village of Oleshkovichi, Mogilev region of the Republic of Belarus. For the production of SBP-compliant biomasses, Pelletizer LLC purchases only SBP-compliant secondary feedstock (sawdust) from five local suppliers – state forest enterprizes (leshozes). Sawdust is a sawmill residue and comes with a FSC 100% claim.

Pelletizer LLC defined the forest fund area of the Republic of Belarus as a supply base, as the structure of suppliers can change, but only within the Republic.

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 9.582 million hectares. 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 there are 28 species of trees and about 70 species of shrubs. The most common tree species are: Scots pine - 50.3%, Silver birch - 23.2%, Norway 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, species listed in the Red Book and their habitats are subject to conservation. Harvesting of valuable, endangered and specially protected tree species is prohibited. Harvesting of tree species that are on the IUCN and CITES lists is excluded, since the distribution areal of these species is outside the Supply base of LLC Pelletizer.

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 - BelovezhskayaPushcha (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. Taking into account the requirements of the international scheme of the Forest Stewardship Council (FSC), 9.027 million hectares of forest fund are certified (94.2% of the total forest fund). PEFC have certified forest management and forest management systems of 105 legal entities conducting forestry on an area of 8.8 million hectares of forest fund.

The structure of the timber industry complex is represented by the following sectors: logging (13.5% of the total output), woodworking (69.5%), pulp and paper (16.4%) and the chemical industry (0.6%). The woodworking industry is one of the largest in Belarus. Woodworking accounts for approximately 2% of the total number of processing industries in the Republic of Belarus. The share of the forest industry in the country's GDP is approximately 1.1%. Timber is exported to approximately 30 countries.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	9,582 mln ha
Tenure by type (ha):	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):	9,027 mln ha FSC-certified forest

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet at http://belpellet.by/wp-content/uploads/2020/02/SBR-Pelletizer-LLC-RUS.docx and http://belpellet.by/en/wp-content/uploads/sites/3/2020/02/SBR-Pelletizer-LLC-EN.docx

5.4 Chain of Custody system

BP holds valid FSC CoC certificate https://info.fsc.org/details.php?id=a02f300000jTEECAA4&type=certificate covering the secondary (pellet production) wood processing. Only secondary feedstock (sawdust) with FSC 100% claim will be used for pellet production and FSC transfer system of claims is implemented (all pellets will have FSC 100% claim). Some amount of biomass is produced of non-certified secondary feedstock, and in this case BP ensures physical segregation of such non-certified wood material from certified wood material at all stages.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on February 24, 2020 (app. 8 working hours). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	24/02/2020 10.00-10.30
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	24/02/2020 10.30-12.00
Chain of custody review (site tour); staff interview	Production facilities	24/02/2020 12.00-13.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	24/02/2020 13.00-18.00
Closing meeting	Office	24/02/2020 18.00-18.15

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
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 and Europe.
Siarhei Minkevich, SBP auditor in training	NEPCon FSC FM/COC and FSC CoC lead auditor. He has successfully passed SBP lead auditor training in Germany in September 2019 and participated in several SBP audits 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 in the beginning of the assessment, which started with an opening meeting attended by the representatives from Organisation's management and staff.

Audit team leader introduced the audit team, provided information about audit plan, methodology, auditors qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the audit team leader explained CB's approval related issues.

After that auditors 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 audit, findings were summarised, and audit 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 January 03, 2020 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; FSC 100% secondary feedstock is sourced. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: please see minor NCR in section 10 below.

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 delivery and handling; diesel for biomass handling and shipping; diesel for biomass transportation to customer. Diesel consumption value by vehicles used at pellet plant is based on actual refuelling data obtained in accountancy; electricity consumption value by pellet plant is based on invoices issued by electricity supplier on a monthly basis.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: SBP responsible person/chief accountant (SBP procedures and systems updates, SBR, complaints, conversion factor updates, DTS) and engineer-technologist (SAR and energy use data collection). Prior to and during SBP assessment, BP was supported by external consultant, who also has provided relevant training to BP staff.

7.5 Stakeholder feedback

No comments received from stakeholders prior, during or after this assessment.

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

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 / Незначительное несоответствие
Standard & Requirement:	SBP Instruction Document 5E V.1.1, 6.8.3 In all cases, the BP shall provide full information on power generation and use to the CB, and this shall be reported in the SAR. The metered values used for reporting shall cover not only the biomass production process but also non-biomass related process lines (for example, sawmill or other production facilities)
Description of Non-conformance and Related Evidence:	
BP has reported in SAR the electricity consumption value by pellet plant, but did not include electricity consumption value by office facilities. Non-conformity is considered as minor, because electricity consumption by office facilities does not have significant impact on total value of electricity consumption by pellet plant. Организация указала в документе SAR данные о расходе электроэнергии на пеллетном производстве, но не включила в них расход электроэнергии в офисе. Несоответствие классифицировано как незначительное, поскольку потребление электроэнергии офисом не оказывает существенного влияния на общий расход электроэнергии.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
NC Status:	Open

NC number 01/20	**NC Grading:** Observation / Наблюдение
Standard & Requirement:	-
Description of Non-conformance and Related Evidence:	
BP produces both certified and non-certified biomass, and this is described in FSC CoC documented procedure. During the assessment, audit team could observe the physical segregation of the feedstock (sawdust) at production site. Staff members also explained, how they switch from non-certified production to certified production, and back. Audit team recommends that the switches from non-certified production to certified production, and back, are registered/documented by BP. Организация производит как сертифицированные, так и не сертифицированные пеллеты, и это описано в письменной процедуре цепи поставки FSC. В ходе оценки команда аудиторов наблюдала физическое разделение сырья (опилок) на производственной площадке. Также представители Организации устно описали порядок их действий при переходе с производства не сертифицированных пеллет на сертифицированные, и обратно. Команда аудиторов рекомендует регистрировать/документировать процессы перехода производства с не сертифицированного материала на сертифицированный, и обратно.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	-
Findings for Evaluation of Evidence:	-
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):	Ondrej Tarabus
Date of decision:	16/Mar/2020
Other comments:	*Click or tap here to enter text.*