



NEPCon Evaluation of Pinexport LTD Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

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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

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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, +34 605 638 383
Current report completion date:	19/Jun/2020
Report authors:	Aliaksandr Zubkevich
Name of the Company:	LLC Pinexport, Belarus, Republic of Belarus, 225750, Brest region, Pinsky district, Osnezhickiy village council, northwest of the village of Posenichi (legal address); Belarus, Brest region, 225710, Pinsk, d.61D Irkutsko-Pinskoy Divizii str, (production adress)
Company contact for SBP:	Alexandr Pinchuk, director, +375 29 673 44 44, pinexport@bk.ru
Certified Supply Base:	sourcing from Republic of Belarus
SBP Certificate Code:	SBP-08-10
Date of certificate issue:	25/Jun/2020
Date of certificate expiry:	24/Jun/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.

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 company has sawmill and pellet plant . The company started pellet production from own sawmill residues in 2020. Total annual production capacity of pellet plant is expected to be 24000 tones.

The own sawmill residues (sawdust and wood offcuts/slabwood) are used in pellet production as well as used for the dryer.

The roundwood for sawmill originates from FSC certified forest management units from Belarus.

The BP implements FSC transfer system with FSC 100% input claim and produced biomass sold with FSC 100% claim.

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

5.2 Description of Company's Supply Base

The BP is a privately-owned company, established in 2019. It's main activity is production of sawn wood product and wood pellets. For the production of certified pellets certified raw materials was used in reporting period (100% of feedstock (sawdust and wood offcuts/slabwood) with an FSC 100%. SBP-compliant secondary feedstock – 100% of the total amount of raw materials used during reporting period. All secondary feedstock is residues after own sawmill.

The following tree species are used: Norway spruce (*Picea abies*);Scots pine (*Pinus sylvestris*).

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://www.facebook.com/pinexport/posts/119215596487762>

SBR will also be available at SBP homepage in Organisation's profile.

5.4 Chain of Custody system

The BP is included as a group member in FSC Chain of certificate

<https://info.fsc.org/details.php?id=a023300000Zvyi1AAB&type=certificate>

BP implements FSC transfer system of claims. The input material used by the Organisation during reporting period for biomass production contains only secondary feedstock - sawdust and wood chips (made from off-

cuts and slabwood) for pellet production and for dryer. Secondary feedstock (sawdust) is sourced only from own sawmill. The BP sourced for pellet production only FSC 100% feedstock. The organization has the segregation system in place. Physical separation is implemented – FSC 100% input material is stored in special place and processed separately in time when production line is cleaned of non-certified product, final products are segregated also. Incoming sawdust reception register and supplier list are maintained. All material is checked during the arrival and correctly recorded in the internal system.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on 01.06.2020 (8 h). Evaluation activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting and brief documents review.	Office	01.06.2020 9.00-09.20
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), SAR review, staff interview.	Office	01.06.2020 09.20-15.00
Chain of custody review (site tour); staff interview	Production facilities	01.06.2020 16.00-16.30
Closing meeting	Production facilities	01.06.2020 16.30-17.00

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 in the beginning of the assessment. Assessment started with an opening meeting attended by deputy director.

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 08.04.20 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 with FSC 100% input secondary feedstock. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: See NCR section of the report.

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 on theoretical calculation; diesel consumption value is based on accounting system.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding and knowledge of all applicable SBP requirements. The following key staff members are involved to SBP certification: SBP related staff responsibilities are presented in Section 3 of the SBP Procedure. Generally, very few staff members are involved into SBP certification: SBP responsible/ director (maintaining of the management system, staff training, volume recording,), deputy director (electricity consumption calculations), operators of pellet plant (moisture measurements, weight of biomass produced, quality), accountant (performance of outgoing invoices and transport documents) and other. Prior SBP assessment, BP was supported by external consultant.

7.5 Stakeholder feedback

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

7.6 Preconditions

Major NCR were issued. The BP has submitted evidences to close these NCRs. There are no any precondition left.

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.

N/A- SBE is not included in the certificate scope.

9 Review of Company's mitigation measures

N/A- SBE is not included in the certificate scope.

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: Major
Standard & Requirement:	SBP 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 both Russian and English versions prior the assessment. Review of reports showed that some information is not correct, f.e. about number of suppliers and volumes of feedstock, geographic position 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 are concise and cover the most important features.
NC Status:	Closed

NC number 02/20	NC Grading: Minor
Standard & Requirement:	SBP 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: 2,25 solid m3 of secondary feedstock (sawdust and wood chips) for production of 1 tone pellets and 1.25 solid m3 for drier. The conversion factor is calculated as the ratio of the volume of incoming raw materials to the mass of the resulting fuel granules. The director explained that conversion factor was gotten based on factual measurments in February 2020. It was explained that conversion factor will be reviewed after stable work of pellet production during two or three months. The director order #202902/1 dated 29.02.2020 "About approving of conversion factords for fuel pellet:" was given to auditor. But the measurement results, on the basis of which the output coefficients were calculated, were not recorded and made available to the auditor. Due to methodology of conversion factor calculation was clearly described by the SBP manager and question only in recording of measurments results the auditor has issued minor NCR/ Производитель установил следующие коэффициенты выхода: 2,25 плотных м3 вторичного сырья (опилки и щепа) для производства 1 тонных гранул и 1,25 плотных м3 для теплогенератора. Коэффициент выхода рассчитывается как отношение объема поступающего сырья к массе получаемых топливных гранул. Директор пояснил, что коэффициент выхода был получен на основе фактических измерений в феврале 2020 года. Он пояснил, что коэффициент выхода будет пересматриваться после выхода на стабильную работу производства пеллет в течение двух или трех месяцев. Приказ директора № 202902/1 от 29.02.2020 «Об утверждении коэффициентов конверсии топливных таблеток:» был передан аудитору. Но результаты измерения, на основании которых были рассчитаны выходные коэффициенты, не были записаны и предоставлены аудитору. В связи с тем, что методология расчета коэффициента выхода была четко описана менеджером SBP и вопрос только в регистрации результатов измерений аудитор выставил незначительное несоответствие

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 03/20	NC Grading: Major
Standard & Requirement:	SBP Instruction Document 5E 4.1.8 BPs approved to communicate DBSD shall use AA "99" if including DBSD. Note: The BP may add additional '0' (zero) values in front of the 'AA' values where this facilitates integration with existing data systems
Description of Non-conformance and Related Evidence:	
The use AA "99" if including DBSD was not included in the SBP procedure provided during assessment and staff was not aware about this requirement	
Timeline for Conformance:	Prior to (re)certification Prior to approval of DBSD in the scope
Evidence Provided by Company to close NC:	Updated SBP procedure
Findings for Evaluation of Evidence:	Prior to finalization of report the SBP manager has studied standard and updated procedure. Phone interview and review of procedure

	confirmed that procedure covers applicable requirements of the standard and responsible is aware of requirements. The BP has used correct category 5 in the SAR.
NC Status:	Closed

NC number 04/20	NC Grading: Minor
Standard & Requirement:	SBP 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. Examples may result from a change of production process, a plant refurbishment after an incident, a major change in feedstock used (e.g. use of logs instead of saw mill residues), change of fuel for drying (e.g. fossil fuel instead of biomass) etc
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:	SBP procedure
Findings for Evaluation of Evidence:	Prior finalization of report the SBP manager has submitted updated procedure. Review of procedure confirmed that procedure cover requirement 6.2.2. of the standard and responsible is aware of requirements.
NC Status:	Closed

NC number 05/20	NC Grading: Observation
Standard & Requirement:	SBP Standard #2: Verification of SBP-compliant feedstock <i>Click to enter SBP standard and requirement reference</i> 15.3 The BP management system shall document all necessary procedures
Description of Non-conformance and Related Evidence:	
All necessary procedures are documented. During review of SBP procedure it was found out that section "term and definition" include reference to outdated terms and outdated instruction documents. / Все необходимые процедуры задокументированы. Раздел «Термины и Определения» письменной процедуры SBP включает ссылки на устаревшие термины и недействующие версии Инструкций SBP.	

Timeline for Conformance:	Other
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):	Nikolai Tochilov
Date of decision:	19/Jun/2020
Other comments:	<i>Click or tap here to enter text.</i>