Sustainable Biomass Program

NEPCon Evaluation of Mogilev branch Shklovdrev, Private Trade and Production Unitary enterprise 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

Version 1.4: published 16 August 2018

Table of Contents

1 Overview

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

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Current report completion date: 31/Jan/2020

Report authors: : Aliaksandr Zubkevich

Name of the Company: Mogilev branch Shklovdrev, Private Trade and Production Unitary enterprise, 212030, per. Komisariatsky, d.5 a, office 19

Company contact for SBP: Bialiauski Maksim, Director Tel. ++375 29 6733463, e-mail: filial.shklovdrev@yandex.ru

Certified Supply Base: sourcing from Republic of Belarus

SBP Certificate Code: SBP-07-54

Date of certificate issue: 11/Feb/2020

Date of certificate expiry: 10/Feb/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office located at address per. Komisariatsky, d.5 a, office 19 Mogilev and production site located at address Mogilev, 106A, Shmidta avenue, 212030, Republic of Belarus.

Scope description: Production of wood pellets in Mogilev, Belarus, for use in energy production and its transportation by rail to Belarusian/Latvian border, Bigosovo railway station and factory gate (FCA Mogilev). The scope of the certificate does not include Supply Base Evaluation.

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

BP is a wood processing (primary) company located in Mogilev, Belarus. It is new pellet plant with expected production capacity 11330 tones.
Company runs pellet production, as well as lumber production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Sawdust, wood chips are used in pellet production as well as for the drier. The primary feedstock (low quality stem wood, tree tops, died wood) is also used for pellet production.
The round wood used for primary production and for pellet production originates from Belarus and has FSC 100% claim.
The BP implements FSC transfer system and produced biomass is sold with FSC 100% claim.
The biomass is transported by rail to Belarusian/Latvian border, Bigosovo railway station and also sell as factory gate (FCA Mogilev)
Pellet plant was commissioned in October 2019.

5.2 Description of Company's Supply Base

"Shklovdrev" is a privately owned middle size company, established in 2012. It's main activity is production of sawn timber and pellets. Mogilev branch Shklovdrev was established in February 2019 and started with sawmill, pellet plant was commissioned in October 2019.
The wood supply base for Mogilev branch Shklovdrev production processes is located in the Republic of Belarus:

SBP-compliant primary feedstock: 95% (As FSC 100% from Belarus ~1 supplier)
SBP-compliant secondary feedstock, 5 % (sawdust as FSC 100%, Wood industry residues/ sawdust wet from Belarus ~1 supplier) Wood species: Pinus sylvestris (L.); Picea Abies

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 - 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. 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). 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 certified forest management and forest management systems of 105 legal entities conducting forestry on an area of 9,027million hectares of forest fund.

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.

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): 9,027 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/groups/529316734330783/?source_id=110191187149302

5.4 Chain of Custody system

The BP holds valid FSC Chain of certificate

https://info.fsc.org/details.php?id=a02f300000e0ZJ0AAM&type=certificate

BP implements FSC transfer system of claims – all round wood for primary processing as well as for pellet production is sourced with FSC 100% claim.

After the reception, incoming volume of the primary feedstock (saw logs) is registered in Organisation's database and processed. Pellets are produced of the FSC 100% secondary feedstock (sawdust) and FSC 100% primary feedstock. Secondary feedstock is originating from own primary processing as well as purchased from another sawmill. The BP management declares intention to process only FSC 100% feedstock and avoid sourcing non certified feedstock.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on 27.12.2019 (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 in Mogilev	27/12/2019 9.30-10.00
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office in Mogilev	27/12/2019 10.00-13.00
Chain of custody review (site tour); staff interview	Production facilities	27/12/2019 13.00-14.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office in Mogilev	27/12/2019 14.00-16.30
Closing meeting	Office in Mogilev	27/12/2019 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 the representatives from Organisation's management and staff.

Audit team leader introduced audit team, 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. Audit continued in office in Mogilev where data in accountant program was verified.

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 November the 12th, 2019 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. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: See NCR issued below See NCR issued 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 handling, shipping and for biomass transportation to customer. Electricity consumption value is based on pellet factory documentation; diesel consumption value is mostly based on theoretical calculations.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding of 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. Interviewed staff was well familiar with their responsibilities. Generally, very few staff members are involved into SBP certification: SBP responsible/director (maintaining of the management system, staff training, trademark use), chief of pellet plant (moisture measurements), chief accountant (verification of incoming invoices and transport documents, performance of outcoming invoices and transport documents). Prior and during SBP assessment, BP was supported by external consultant, who also have provided relevant training to BP staff.

7.5 Stakeholder feedback

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

7.6 Preconditions

None

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:	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:	
SBR has been prepared and made publicly available at BP's homepage on Facebook. It was found out that SBR contain mistakes, such as: 1) in p. 2.1 stated that feedstock is primary and secondary, while in p.2.4 – only secondary; 2) chapter 2.3 Final harvest sampling programme is not applicable, while the BP use primary feedstock after final felling.	
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:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 02/20	**NC Grading:** Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock 15.7 Relevant personnel shall be informed promptly of any changes to management systems.

Description of Non-conformance and Related Evidence:	
Interviewed personnel was aware of SBP procedures and systems. It was explained by the director that training was conducted by external consultant. But there were no any training records available in the office during main assessment	
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:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 03/20	**NC Grading:** Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock 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:	
The requirement to inform SBP of any substantiated complaints within 30 days of the completion of the BP's analysis of the complaint is not included in the BP procedure	
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:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 04/20	**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:	
BP is applying FSC transfer system. The following average conversion factor was established by BP based on actual measurements: 2,5 solid m3 of primary feedstock (roundwood processed in chips) for production of 1 tone pellets; 2,50 solid m3 of secondary feedstock (sawdust) for production of 1 tone pellets. The volume of secondary inputs (solid m3) in case of own residues was calculated as a difference between the volume of roundwood entering the primary processing and volume of sawn material produced during the same time. During audit it was found out that the BP do not have conversion factor for fuel used for drier, volumes of feedstock used for drier were not recorded in accountant system of organization	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Norm approved by the director during audit and affective started from 01.01.2020
Findings for Evaluation of Evidence:	During audit conversion factor for fuel used for drier (0,2 solid m3) was prepared and approved by director. The director informed that conversion factor was received via measurements of volume of feedstock used to produce certain amount of pellet. Conversion factor is affective started from 01.01.2020. Conversion factor is look reasonable for such type of production. The chief accountant confirmed that the feedstock used in the drier was recorded in their system (1C)/ Во время аудита переводной коэффициент для расчета топлива, используемого для сушки был рассчитан и утвержден директором (0,2). Директор сообщил, что переводной коэффициент был получен экспериментальным путем через замер объема использованного сырья для производства определенного количества пеллет. Переводной коэффициент будет использоваться с 01.01.2020. Переводной коэффициент для такого типа производства выглядит обоснованным. Главный бухгалтер подтвердила, что сырье, используемое для теплогенератора уже учитывается в 1С программе.
NC Status:	Closed

NC number 05/20	**NC Grading:** Minor
Standard & Requirement:	Instruction document 4B 1.7 Only the SBP logo artwork provided directly from the SBP secretariat shall be used
Description of Non-conformance and Related Evidence:	
Section 14 of SBP Procedure contains SBP trademarks requirement and BP is aware of this SBP requirement. The SBP logo artwork was used by the BP on Facebook	

https://www.facebook.com/groups/529316734330783/?source_id=110191187149302#_=_prior certificate issuance and this logo was not provided by SBP secretariat.	
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:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 6/20	**NC Grading:** Minor
Standard & Requirement:	Instruction document 5E 6.2.7 The Legal Owner shall record the most operationally specific and detailed data that is practically available. Variable data shall never be older than 18 months. The methodology used and the justification for the data selection shall be recorded in the SAR. All mass and energy flows must be evaluated for the complete Reporting Period. Any derogation must be justified and recorded in the SAR. 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 use loaders both for sawmill and pellet factory. Diesel consumption was calculated based registered moto hours with an assumption that loaders work half a time for pellet factory, half a time for sawmill. But justification of such assumption was not provided to auditor	
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:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
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):	Pilar Gorría Serrano
Date of decision:	31/Jan/2020
Other comments:	*Click or tap here to enter text.*