



NEPCon OÜ Evaluation of LSM Pellet, Foreign private manufacturing unitary enterprise Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

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

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Siarhei Minkevich
Audit team members:	Siarhei Minkevich
Name of the Company:	LSM Pellet, Foreign private manufacturing unitary enterprise
Company legal address:	Lomovichsky village council 4, Gomel region, 247301 Akciabrski Rajon, Belarus
Company contact for SBP:	Vladimir Grabko
Company contact email:	lsm pellet@tut.by
Company website:	N/A
SBP Certificate Code:	SBP-07-74
Date of certificate issue:	24 Mar 2020
Date of certificate expiry:	23 Mar 2025
Audit closing meeting date:	30 Jun 2021
Audit cycle:	First Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3; SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Secondary	☐
Feedstock origin (countries):	Belarus	☐
SBP-endorsed Regional Risk Assessments used:	Not applicable	☐
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		☐
Chain of custody system implemented:	FSC: NC-COC-056064	☐
	Transfer	☐

2.1 Description of the company

BP is a pellet producing company located in Gomel region, Belarus. Total annual production capacity of pellet plant is around 7200 tones. Pellet plant was commissioned in 2014. Company runs pellet production only. The BP produces pellets from secondary feedstock (sawdust and slab wood), which it purchases from third-party suppliers. Slab wood, chips and castra linseed are used for the drier. In general, BP can use the following tree species in the production of fuel pellets: *Picea abies* (L.); *Pinus sylvestris* (L.); *Bétula pendula* (L.), *Álnus glutinosa* (L.); *Pópulus trémula* (L.). However, in the reporting period *Pinus sylvestris* (L.) was only used in pellet production (as tree species composition of the feedstock used). The secondary used for pellet production originates from Belarus and is both FSC certified (FSC 100%) and PEFC certified (100% PEFC). Some amount of feedstock (4.2% in the reporting period) is non FSC certified wood material. The BP ensures segregation technologies and produces both certified and not certified pellets. The BP implements FSC transfer system and produced biomass was sold with FSC 100% claim. Non certified feedstock is stored separately with sign “Not FSC” and is segregated during all the production and storage processes.

2.2 Detailed description of the Chain of Custody system

BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000jT3toAAC&type=certificate> covering the secondary (pellet production) wood processing. Secondary feedstock (sawdust, chips and slabs) with FSC 100% is used for pellet production and FSC transfer system of claims is implemented (all certified pellets have FSC 100% claim). As biofuel BP uses chips produced by chipping slabs (with FSC 100% claim for SBP pellets and non-certified biofuel for the production of non-certified pellets). Also as biofuel in the reporting period BP used castra linseed (waste from the production of a flax plant (parts of the stems of flax plants (agricultural products) that are not processed in production). The organization bought this waste for heat generation). Some amount of biomass can be produced from non-certified secondary feedstock, and in this case BP ensures physical segregation of such non-certified feedstock from certified wood material at all stages. Some amount of pellets was sold to without SBP certification. In the reporting period for the production of pellets the following categories of feedstock was used: SBP-compliant secondary

feedstock – 95,8% (FSC-100%), SBP-non-compliant secondary feedstock (non-certified) – 4,2%. During the audit 2021 no NCRs were raised on the CoC procedure and performance of chain of custody system.

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. 1.4.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Siarhei Minkevich	3,0
2. On-site (excl. travel time)	Siarhei Minkevich	12,0
3. Report writing	Siarhei Minkevich	12,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Office	Siarhei Minkevich	26 Mar 2021/09:00
<i>Documents and procedures review, staff interview.</i>	Office	Siarhei Minkevich	26 Mar 2021/09:15
<i>Chain of custody review (site tour); staff interview; document review</i>	Production facilities	Siarhei Minkevich	26 Mar 2021/10:15

<i>Documents and procedures review, staff interview</i>	Office	Siarhei Minkevich	26 Mar 2021/14:00
<i>Closing meeting. Preliminary results, outcomes, next steps</i>	Office	Siarhei Minkevich	26 Mar 2021/16:45
<i>Review of submitted by Email updated documents, procedures and additional data, staff interview by phone, closing meeting</i>	Minsk / Desktop review	Siarhei Minkevich	30 Mar 2021/14:00

Auditor qualification		
Auditor name	Role	Qualification
Siarhei Minkevich	SBP auditor	NEPCon SBP lead auditor, FSC FM/COC and FSC CoC/CW lead auditor. He has successfully passed SBP lead auditor training in Germany in September 2019 and participated in several SBP assessments in Belarus and Lithuania.

4.2 Description of evaluation activities

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 audit special attention was paid to the following specific critical control points: reception, identification of material, segregation, volumes recording / accounting, conversion factor and sales. 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 (identification of feedstock, purchase claims, segregation, conversion factors, sales, etc.)

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.

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4.3 Sampling methodology

Production facilities were checked without any exclusion. Reviewing of documents was based on sampling approach - several months were randomly selected (waybills and invoices for the selected months). All responsible personnel was interviewed.

4.4 CB stakeholder engagement

The stakeholder consultation before assessment was carried out on December 24, 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.

4.5 Stakeholder feedback

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

5 Results

5.1 Main strengths and weaknesses

Strengths: Strengths: Use of the FSC transfer system. FSC 100% secondary (sawdust, slabs) feedstock and FSC 100% biofuel (chips produced by chipping slabs) is used. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: See chapter 11 Non-conformities and observations

5.2 Rigour of Supply Base Evaluation

Not applicable

5.3 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 chipping, biomass handling and shipping; diesel for biomass transportation to customer. Diesel consumption value by vehicles used at plant is based on accounting system; electricity consumption value by pellet plant is based on invoices issued by state electricity supplier on a monthly basis.

5.4 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 3.2 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, volume recording, DTS), head of production of pellet plant (moisture measurements, weight of biomass produced), accountant (registration of incoming waybills, creating of outgoing invoices, waybills and transport documents). Prior SBP assessment, BP was supported by external consultant.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/a

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000441 (NC number 01/21)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	7.5 The SBR shall be updated at least annually (i.e. every 12 months).
Description of Non-conformance and Related Evidence:	
Organization has prepared Supply Base Report (SBR) 2021 and made it publicly available on SBP Audit Portal. SBR version 2020 was used as a basis. However, the SBR was not properly updated as the SBR version 2021 consists outdated data, e.g. the document refers to the outdated state program "Belarusian Forest" for 2016-2020. SBR 2021 does not include a comparison of the scale of harvesting compared to other forest based industries in the region. Not all required fields are properly updated in SBR published at SBP online Audit Portal: Describe the harvesting type which best describes how your material was sourced; Was the forest in the Supply Base managed for a purpose other than for energy markets? For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?	
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:	pending
Findings for Evaluation of Evidence:	pending
NC Status:	Open

NC number NC-000442 (NC number 02/21)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.

Description of Non-conformance and Related Evidence:	
Organization has SBP Procedures. SBP Procedure of foreign private manufacturing unitary enterprise LSM Pellet was submitted to the auditor. SBP Procedure has some outdated information in sub-chapter 2.5 (data on suppliers); there are outdated SBP website weblinks to the actual SBP Instruction 5 E (page 17), Guidance SBP DTS (page 17), SBR Template (page 18). There are outdated information in SBP Exh 1 Procedure "SBR", see p. 3, page 20. The former SBP trademark is also left in SBP Exh 4 Procedure on Trademark Use.	
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:	pending
Findings for Evaluation of Evidence:	pending
NC Status:	Open

8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorría
Date of decision:	04 Aug 2021
Other comments:	N/A