

NEPCon Evaluation of Beltingergroup LLC 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, +420 606 730 382
Current report completion date:	07/Nov/2019
Report authors: :	Nikolai Tochilov, Siarhei Minkevich
Name of the Company:	Beltimbergroup, Limited Liability Company. Legal and production site
address:	Pereseltsi village, Grodno district, Grodno, 231742, Belarus
Company contact for SBP:	Alexander Vecher, phone: +375 29 398 93 10, email:
beltimber2106@mail.ru	
Certified Supply Base:	Belarus
SBP Certificate Code:	SBP-07-33
Date of certificate issue:	11/Nov/2019
Date of certificate expiry:	10/Nov/2024

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office and production site in Pereseltsi village, Grodno region, Belarus.

Scope description: Production of wood pellets in Pereseltsi village, Grodno district, Grodno region, Belarus, for use in energy production and its transportation by truck to Klaipeda, Liepaja and Riga harbours, or any other harbour (DAP delivery conditions of Incoterms). 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 5D: Dynamic Batch Sustainability Data v1.1

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 and secondary) company located in Grodno region, Belarus. Total annual production capacity of pellet plant is 7200 tones, and Organisation expects it expansion to 1200 tones.

Company runs pellet production, as well as lumber and glued board production, which supplies secondary feedstock with FSC 100% claim to the pellet plant. Sawdust, wood chips and wood offcuts are used in pellet production.

The round wood used for primary 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 truck to harbours in Latvia and Lithuania (DAP delivery conditions of Incoterms).

Pellet plant was commissioned in June 2012.

5.2 Description of Company's Supply Base

"Beltimbergroup" is a privately owned middle size company, established in 2012. It's main activity is production of sawn timber and glued boards. This production was followed by the decision to operate in the field of wood pellets production.

The wood supply base for Beltimbergroup production processes is located in the Republic of Belarus.

SBP-compliant secondary feedstock, 95% (Wood industry residues from own production)

SBP-noncompliant secondary feedstock: 5% (for non-certified pellet production only)

This report will account for total feedstock volumes but will not include a SBE (controlled material). Certified e.g. SBP-Compliant material accounts for 95% of all production feedstock.

The plant has around 11 stable suppliers.

Wood species: *Pinus sylvestris* (L.);

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 Polesky 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). 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 8.8 million 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:
<http://www.beltimbergroup.by/index.html>

5.4 Chain of Custody system

The BP holds valid FSC Chain of certificate

<https://info.fsc.org/details.php?id=a02f300000e0spQAAQ&type=certificate>

BP implements FSC transfer system of claims – all round wood for primary processing 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, shavings and wood offcuts), originating from own primary processing. In the reporting period Organisation also purchased a certain amount of secondary feedstock from non-certified suppliers, and produced non-certified biomass (physical segregation at all stages). During FSC CoC audit, which was conducted at the same time by NEPCon team, two minor NCRs have been identified in relation to physical segregation of the secondary feedstock:

- The way of how physical segregation is ensured, described in FSC CoC procedure, did not correspond to what staff explained to auditors (although the staff was very clear in their explanations).
- Relevantly, such physical segregation was not completely documented (registering of the volumes of non-certified feedstock and biomass etc.) – because it was not required by FSC CoC procedure.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on 01.10-02.10.2019 (9,5 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	01/10/2019 16.00-17.00
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	02/10/2019 08.30-10.00
Chain of custody review (site tour); staff interview	Production facilities	02/10/2019 10.00-11.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	02/10/2019 11.00-16.30
Closing meeting	Office	02/10/2019 16.30-17.00

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/COG and FSC CoC lead auditor. He has successfully passed SBP lead auditor training in Germany in September 2019 and participated in 2 SBP audits and 1 assessment.

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 documents 5a-5d 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 August 08, 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: No significant weaknesses identified by auditor. Two minor NCRs raised during FSC CoC audit by NEPCon team regarding implementation of FSC transfer system of claims.

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 engineering calculations and tests performed by BP; diesel consumption value is mostly based on actual refuelling data obtained in accountancy or from contractor (transport company).

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 4 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), export manager (collection of energy use data), chief of pellet plant (moisture measurements), chief accountant (verification of incoming invoices and transport documents, performance of outgoing 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

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.*

Two minor NCRs raised during FSC CoC audit, conducted at the same time by NEPCon team in relation to physical segregation of the secondary feedstock:

- The way of how physical segregation is ensured, described in FSC CoC procedure, did not correspond to what staff explained to auditors (although the staff was very clear in their explanations).
- Relevantly, such physical segregation was not completely documented (registering of the volumes of non-certified feedstock and biomass etc.) – because it was not required by FSC CoC procedure.

Minor NCRs are not repeated in this report, and will be evaluated during the next FSC CoC audit.

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:	07/Nov/2019
Other comments:	<i>Click or tap here to enter text.</i>