

NEPCon Evaluation of BelaBio-Grupp 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

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Table of Contents

| | |
|-----------|--|
| 1 | Overview |
| 2 | Scope of the evaluation and SBP certificate |
| 3 | Specific objective |
| 4 | SBP Standards utilised |
| 4.1 | SBP Standards utilised |
| 4.2 | SBP-endorsed Regional Risk Assessment |
| 5 | Description of Company, Supply Base and Forest Management |
| 5.1 | Description of Company |
| 5.2 | Description of Company's Supply Base |
| 5.3 | Detailed description of Supply Base |
| 5.4 | Chain of Custody system |
| 6 | Evaluation process |
| 6.1 | Timing of evaluation activities |
| 6.2 | Description of evaluation activities |
| 6.3 | Process for consultation with stakeholders |
| 7 | Results |
| 7.1 | Main strengths and weaknesses |
| 7.2 | Rigour of Supply Base Evaluation |
| 7.3 | Compilation of data on Greenhouse Gas emissions |
| 7.4 | Competency of involved personnel |
| 7.5 | Stakeholder feedback |
| 7.6 | Preconditions |
| 8 | Review of Company's Risk Assessments |
| 9 | Review of Company's mitigation measures |
| 10 | Non-conformities and observations |
| 11 | Certification recommendation |

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: | 25/Mar/2020 |
| Report authors: : | Siarhei Minkevich, Nikolai Tochilov |
| Name of the Company: | BelaBio-Grupp LLC, Legal and production site address: 223644, 13 Lesnaya str., Gatsuk agro-town, Slutsky district, Minsk region, Republic of Belarus |
| Company contact for SBP: | Marina Golovkova, Accountant. Mob.: +375447072067; Email: belabio2018@gmail.com |
| Certified Supply Base: | Belarus |
| SBP Certificate Code: | SBP-07-75 |
| Date of certificate issue: | 27/Mar/2020 |
| Date of certificate expiry: | 26/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

BelaBio-Grupp LLC is a primary processor (biomass producer) with production capacity of 10000 tones pellets/year, located in Minsk region, Belarus. BP was established in 2018 and has 12 staff members. The BP holds valid FSC CoC certificate covering biomass production only and uses only FSC 100%-certified primary feedstock for pellet production (round wood (firewood) and chips) 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 but the feedstock is delivered to the BP directly from the forest). Feedstock is delivered to production site by BP's own trucks.

5.2 Description of Company's Supply Base

LLC BelaBio-Grupp is a biomass producer located in agro-town of Gatsuk, Minsk region of the Republic of Belarus. For the production of SBP-compliant biomasses, LLC BelaBio-Grupp purchases only SBP-compliant primary feedstock (lowgrade roundwood and wood chips with FSC 100% claim) from 5 local suppliers – state forest enterprises (leshozes). Roundwood is chipped at the plant and is used for pellets production.

LLC BelaBio-Grupp 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. Forestcovered 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 maturing, mature and overmature 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: Skots 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 BelaBio-Grupp.

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 - 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 and 8,595 mln ha PEFC-certified |
| Total volume of Feedstock: | 3467,68 tons; |

Volume of primary feedstock: 3467,68 tons;

List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

- Certified to an SBP-approved Forest Management Scheme – 100% — 0%;
- Not certified to an SBP-approved Forest Management Scheme – 0%;

List all species in primary feedstock, including scientific name: Pinus Sylvestris, Picea abies, Betula pendula, Alnus glutinosa, Alnus incana, Populus tremula

Volume of primary feedstock from primary forest – 0%;

List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 0%;
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%;

Volume of secondary feedstock: 0 tons;

Volume of tertiary feedstock: 0 tons.

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet at www.belabio.com

5.4 Chain of Custody system

BP holds valid FSC CoC certificate <https://info.fsc.org/details.php?id=a02f300000k3nH9AAI&type=certificate> covering the secondary (pellet production) wood processing. LLC BelaBio-Grupp purchases SBP-compliant primary feedstock (lowgrade roundwood and wood chips) with FSC 100% claim 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 primary 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 (Minsk) | 27/02/2020 10.00-10.30 |
| Chain of custody review (site tour); staff interview. Documents review (feedstock inputs, CoC control system and critical points, records, procedures, instructions, H&S). | Production facilities (Gatsuk agro-town) | 27/02/2020 12.00-16.00 |
| Documents and procedures review (feedstock inputs, SBR, CoC control system, compliance with legal requirements, H&S), staff interview. | Office (Minsk) | 28/02/2020 10.30-13.00 |
| Documents and procedures review (SAR and energy use primary data); staff interview | Office (Minsk) | 28/02/2020 14.00-16.30 |
| Closing meeting | Office (Minsk) | 28/02/2020 16.30-16.45 |

6.2 Description of evaluation activities

Composition of audit team:

| Auditor(s), roles | Qualifications |
|---|--|
| Nikolai Tochilov, Witness Auditor | 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, Audit Team Leader | 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 several SBP 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, 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.

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.

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.

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 21, 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% primary 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 chipping, 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/accountant (SBP procedures and systems updates, SBR, complaints, conversion factor updates, DTS), chief accountant and Director of operations, labor safety officer (SAR and energy use data collection, H&S). 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, 6.2.7 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. |
| Description of Non-conformance and Related Evidence: | |
| <p>The organization has indicated feedstock data in the SAR document. When supplying feedstock, the seller indicates the volume of material in solid m3. For firewood, the SAR document indicates that the weight of each delivery of roundwood (firewood) is indicated in the waybill, these data were used in the calculations. Checking the documentation, consultations with specialists of forestry institutions showed that the figure of the weight of the truck is not indicated on the basis of the weighting of the timber truck, but the approximate value is indicated (at the request of the transport control service). In addition, verification of the documentation showed that the timber trucks are loaded in forest warehouses (loading point in forest conditions), where there are no technical and technological capabilities for weighing of a timber truck. The audit showed that the data for estimating the weight of the cargo are not quite correct, and they do not allow to correctly assess the balance of the volume and tonnage of the feedstock.</p> <p>The non-conformance is classified as minor, since in general the accounting for volume and weight indicators in the organization is established (e.g. the difference in the estimated and calculated value in tonnes (between raw material and finished pellets) is not big (around 9%)).</p> <p>Организация указала в документе SAR данные по сырью. При поставке лесосырья продавец указывает объем продукции в плотных м3. По дровам - в документе SAR указано, что вес каждой партии круглых лесоматериалов указан в ТТН, эти данные были использованы при расчетах. Проверка документации, консультации со специалистами лесохозяйственных учреждений показали, что показатель веса груза указывается не на основании взвешивания лесовоза, а указывается примерное значение (по требованию службы транспортного контроля). Кроме того, проверка документации показала, что лесовозы загружаются на лесных промскладах (пункт погрузки в лесных условиях), где отсутствуют технические и технологические возможности взвешивания техники.</p> | |

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|---|---|
| <p>Проверка показала, что данные оценки веса груза не вполне корректны, и не позволяют корректно оценить баланс объема и тоннажа лесосырья. Несоответствие классифицировано как незначительное, поскольку в целом учет объемных и весовых показателей в организации налажен (разница в тоннаже между лесосырьем и пеллетами не большая (около 9%)).</p> | |
| <p>Timeline for Conformance:</p> | <p>By the next surveillance audit, but no later than 12 months from report finalisation date</p> <p>До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета</p> |
| <p>Evidence Provided by Company to close NC:</p> | - |
| <p>Findings for Evaluation of Evidence:</p> | - |
| <p>NC Status:</p> | Open |

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|---|---|
| <p>NC number 02/20</p> | <p>NC Grading: Minor / Незначительное несоответствие</p> |
| <p>Standard & Requirement:</p> | <p>SBP Instruction Document 5E V.1.1, 6.9.3 At least one of the following options shall be used for the drying process, where applicable:</p> <p>Option 1 – Specify energy use of dryer, when applicable. - If a heat meter is installed, calculate how much heat energy from the boiler is provided to the dryer and provide details of the calculation; - Specify heat consumption in kWh per metric tonne dried feedstock and the corresponding period for this evaluation.</p> <p>Option 2 – Specify input moisture content of feedstock. - The preferred method in 6.9.2 is the weighted average moisture content based on moisture evaluation per shipment for all Feedstock Group. - When measurement of moisture of incoming feedstock is not determined on receipt of feedstock, the moisture content shall be measured and recorded as soon as possible in the production process. For example, in the case of the receipt of logs, moisture should be measured after debarking and processing to chips. - In the absence of moisture monitoring as specified above, the methodology used and the values recorded shall be justified to the CB, and the justification shall be recorded in the SAR.</p> |
| <p>Description of Non-conformance and Related Evidence:</p> | |
| <p>The organization indicated moisture data on raw materials and finished products in the SAR document. Moisture records are available from the production manager at the pellet plant. An analysis of the organization's data, a staff survey and field inspection of the production showed that the organization has established measurements of dry raw materials and finished pellets (moisture assessment data for biomass</p> | |

(before and after drying) and finished pellets are provided in the log of measurements). The audit showed that the moisture content of raw materials (after the chipping machine) is between 17-23 % (according to the records in the log) (January-February 2020), although the moisture content of incoming round wood is 50%). Staff interview showed that the moisture of incoming feedstock was considered to be around 50% (based on the moisture of the feedstock by default) and they confirmed that the moisture of the feedstock after chipping was registered with errors.

The non-conformance is classified as minor, since in general the accounting for moisture indicators in the organization is established.

Организация указала в документе SAR данные о показателях влажности сырья и готовой продукции. Записи по измерениям влажности имеются у начальника производства в пеллетном заводе. Анализ данных организации, опрос персонала и полевая проверка производства показали, что в организации налажены измерения сухого сырья и готовых пеллет (данные оценки влажности по биомассе (до и после сушки) и готовых пеллет предоставлены в журнале регистрации измерений влажности). Аудит показал, что содержание влаги в сырье (после рубильной машины) составляет 17-23% (согласно записям в журнале) (январь-февраль 2020 года), хотя содержание влаги в поступающей круглой древесине составляет 50%). Опрос сотрудников показал, что влажность входящего сырья считается равной примерно 50% (исходя из влажности круглого лесосырья по умолчанию), и они подтвердили, что влажность сырья после дробления была зарегистрирована с ошибками.

Несоответствие классифицировано как незначительное, поскольку в целом учет показателей влажности в организации налажен.

| | |
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| Timeline for Conformance: | By the next surveillance audit, but no later than 12 months 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 03/20 | NC Grading: Minor / Незначительное несоответствие |
| Standard & Requirement: | SBP Framework Standard 2: Verification of SBP-compliant Feedstock, v 1.0, SBP Instruction Note 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 organization compiled a supply base report (SBR). The organization buys round timber (firewood) as raw materials. However, the supply base report does not contain data in subsection 2.3, and there is also no analysis of data on items h) - k) of subsection 2.5. | |

| | |
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| <p>Организация составила отчет о ресурсной базе. Организация закупает круглые лесоматериалы (дрова) в качестве сырья. Однако отчет о ресурсной базе не содержит данные в подразделе 2.3, также отсутствует анализ данных по пунктам h) – k) подраздела 2.5.</p> | |
| <p>Timeline for Conformance:</p> | <p>By the next surveillance audit, but no later than 12 months from report finalisation date</p> <p>До следующего ежегодного аудита, но не позднее 12 месяцев с даты утверждения отчета</p> |
| <p>Evidence Provided by Company to close NC:</p> | <p>-</p> |
| <p>Findings for Evaluation of Evidence:</p> | <p>-</p> |
| <p>NC Status:</p> | <p>Open</p> |

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: | 26/Mar/2020 |
| Other comments: | |