

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

Main (Initial) Audit

[www.sbp-cert.org](http://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](http://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*

*© Copyright The Sustainable Biomass Program Limited 2018*

# Table of Contents

<b>1</b>	<b>Overview</b>
<b>2</b>	<b>Scope of the evaluation and SBP certificate</b>
<b>3</b>	<b>Specific objective</b>
<b>4</b>	<b>SBP Standards utilised</b>
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
<b>5</b>	<b>Description of Company, Supply Base and Forest Management</b>
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
<b>6</b>	<b>Evaluation process</b>
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
<b>7</b>	<b>Results</b>
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Collection and Communication of Data
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
<b>8</b>	<b>Review of Company's Risk Assessments</b>
<b>9</b>	<b>Review of Company's mitigation measures</b>
<b>10</b>	<b>Non-conformities and observations</b>
<b>11</b>	<b>Certification decision</b>

# 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:	24/Mar/2020
Report authors: :	Aliaksandr Zubkevich
Name of the Company:	LSM Pellet Foreign private manufacturing unitary enterprise, Republic of Belarus, Gomel region, Oktyabrsky district, Lomovichsky rural council, 4, 247301
Company contact for SBP:	Hrabko Uladzimir , director, tel. +375235731410, e-mail: lsm pellet@tut.by
Certified Supply Base:	sourcing from Republic of Belarus
SBP Certificate Code:	SBP-07-74
Date of certificate issue:	24/Mar/2020
Date of certificate expiry:	23/Mar/2025

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 located in Gomel region, Belarus.

Scope description: Production of wood pellets in Gomel region, Belarus, for use in energy production and its transportation by rail to Belarusian/Latvian border, DAF Bigosovo railway station, and FCA Akciabrski Rajon (gate of the BP). 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 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 pellet producing company located in Gomel region, Belarus. Total annual production capacity of pellet plant is around 7200 tones.

Company runs pellet production only. The BP produces pellets from secondary feedstock (sawdust and slab wood) and firewood, which it purchases from third-party suppliers. Slab wood and fuel wood are used for the drier.

In the reporting period the BP bought feedstock from 9 suppliers falling into the following feedstock categories::

- SBP compliant secondary raw materials - 35.07% (FSC-100%);
- SBP non compliant secondary raw materials - 54.94%;
- SBP non compliant primary raw materials - 9.99%.

The following tree species are used: *Picea abies* (L.) *Pinus sylvestris* (L.); *Bétula* (L.), *Álnus* (L.), *Pópulus trémula* (L.).

The secondary and primary feedstock used for pellet production originates from Belarus and is both FSC certified (FSC 100%) and non FSC certified. The BP produces both FSC 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.

Pellet plant was commissioned in 2014.

### 5.2 Description of Company's Supply Base

All feedstock was sourced only from the Republic of Belarus.

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).

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/LSM-Pellet-1381793995208927/photos/?tab=album&album\\_id=2785525154835797](https://www.facebook.com/LSM-Pellet-1381793995208927/photos/?tab=album&album_id=2785525154835797)

[https://www.facebook.com/LSM-Pellet-1381793995208927/photos/?tab=album&album\\_id=2698160416905605](https://www.facebook.com/LSM-Pellet-1381793995208927/photos/?tab=album&album_id=2698160416905605)

## 5.4 Chain of Custody system

The BP holds valid FSC Chain of certificate

<https://info.fsc.org/details.php?id=a02f300000jT3toAAC&type=certificate>

BP implements FSC transfer system of claims. Company runs pellet production only. The BP produces pellets from secondary feedstock (sawdust and slab wood) and firewood, which it purchases from third-party suppliers. Slab wood and fuel wood are used for the drier as well. The BP sourced for pellet production FSC 100% feedstock. The organization has the segregation system in place. Physical separation is implemented – FSC certified raw 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 feedstock 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 06.02.2020 (7 h). Evaluation activities included documents review at office, inspection of production facilities and staff interviews. Document review was conducted during 2 hours on 05.02.2020. To close Major NCR CVA audit was conducted on 18.03.2020 (6h)

Activity	Location	Date/time
Opening meeting and brief documents review.	Office	06/02/2020 9.00-09.20
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical control points (CCP), compliance with legal requirements, H&S), staff interview.	Office	06/02/2020 09.20-15.00
Chain of custody review (site tour); staff interview, evaluation of CCP	Production facilities	06/02/2020 15.00-16.00
Closing meeting	Office	06/02/2020 16.30-17.00
Field audit. review of updated SAR and relevant document, closing meeting	Office	18.03.2020 09.20-15.00

### 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 critical 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 prior the assessment. Assessment started with an opening meeting attended by the representatives from Organisation's management and staff.

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.

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.

To close Major NCR the BP has updated SAR and provided supported document to auditor for review. Field audit was conducted to verify provided documents.

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 24.12.2020 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 with only FSC 100% materials and non-certified materials received during the last 12 months. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: see Major NCRs issued.

### 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 invoicing from supplier; diesel consumption value is based on accounting system.

### 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, volume recording, DTS ), masters of production of pellet plant (moisture measurements, weight of biomass produced), accountant (performance of incoming and outgoing invoices and transport documents). Prior SBP assessment, BP was supported by external consultant.

### 7.5 Stakeholder feedback

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

### 7.6 Preconditions

Major non-compliance report concerning volume recording was formulated by the auditor. Prior finalization of report the BP has corrected data in accounting system. Precondition was solved/ closed.

## 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.

<b>NC number</b> 01/20	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	Standard #2: Verification of SBP-compliant feedstock  6.2 The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock.
<b>Description of Non-conformance and Related Evidence:</b>	
The part of sawdust volume originates from sawmill belonging to forest management enterprises. It is confirmed by reviewing of purchase agreements with these FMUs and waybills. The BP also sources sawdust from other private sawmills. The responsible for SBP was not able to provide records of place of harvest for several primary wood processors responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock. Due to small volume supplied by this suppliers and low probability that wood may be out form the Republic of Belarus auditor raised minor non conformance	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 monhts from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number</b> 02/20	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	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
<b>Description of Non-conformance and Related Evidence:</b>	
The BP has prepared SBR and submitted both Russian and English version prior the assessment. Review of reports showed that some information is not correct: 1) missed number of suppliers, 2) data of last CB audit is missed, 3) no any information about CITES species, 4) differences in Russian and English version (f.e p. 2.5 e).	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	Updated SBRs
<b>Findings for Evaluation of Evidence:</b>	The BP has updated SBR and provided to auditor. Review of both Russian and English version of SBR confirm that information is correct and cover the most important features.
<b>NC Status:</b>	Closed

<b>NC number</b> 03/20	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	Standard #4 Chain of Custody 5.2.5. For all feedstock inputs the BP will keep input records. In addition to meeting the requirements specified in the SBP-approved CoC system being implemented, the input records will contain at least: (5.2.5) a) Invoice reference(s) or other transaction number b) A description of the physical properties of the feedstock, c) The volume of physical input d) The supplier e) Transaction date f) The certificate numbers of any certified suppliers
<b>Description of Non-conformance and Related Evidence:</b>	
The director explained that volumes are recorded in Excel sheets as well as in 1C accounting program. During audit volumes were compared by auditor and differences were found. Short investigation conducted by the director during audit confirmed that volumes were recorded by the accountant with mistakes. As a result, SAR was prepared based on wrong data.	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	Reports from 1C accountant program

<b>Findings for Evaluation of Evidence:</b>	Prior the report finalization the BP has submitted updated SAR. It was explained by the director that due to accountant is subcontractor and do not know well branch specific some wrong records were done. The data was verified for whole reporting period and correction were done in 1C accounting program and SAR. Short field inspection confirmed that data is recorded correctly in 1C accounting program.
<b>NC Status:</b>	Closed

<b>NC number</b> 04/20	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	<p>Instruction document 5E</p> <p>3.1.8 Each BP shall record all data as specified in one of the three 'SBP Audit Report (SAR) for Energy and Carbon data' templates, where production and transportation of feedstock or biomass contributes to energy or carbon balance during the period of legal ownership by the BP:</p> <ul style="list-style-type: none"> <li>- BPs producing wood pellets shall complete the 'SBP Audit Report (SAR) for Energy and Carbon data for pellets';</li> <li>- BPs producing only woodchips and energy logs and no other biomass with an SBP Claim shall complete one of the following templates:                         <ul style="list-style-type: none"> <li>o 'SBP Audit Report (SAR) for Energy and Carbon data for pellets' if both stationary chipping and thermal treatment are carried out on a separate processing site. Any specific reference to pelletisation in the document may be ignored;</li> <li>o 'SBP Audit Report (SAR) for Energy and Carbon data for woodchips with stationary chipping' if only stationary chipping is carried out on a separate</li> <li>o 'SBP Audit Report (SAR) for Energy and Carbon data for woodchips with mobile chipping' if there is no separate processing site with chipping or thermal treatment, other than a standard phytosanitary treatment (see definition in section 2).</li> </ul> </li> </ul>
<b>Description of Non-conformance and Related Evidence:</b>	
Prior the assessment SAR was prepared by the BP. During assessment it was found out that feedstock volumes in SAR are not correct. Volumes of diesel consumed, and biomass used for burning also were not recorded.	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	Updated SAR
<b>Findings for Evaluation of Evidence:</b>	Prior the report finalization the BP has submitted updated SAR. It was explained by the director that due to accountant is subcontractor and do not know well branch specific some wrong records were done. The

	data was verified for whole reporting period and correction were done in 1C accounting program and SAR. Short field inspection confirmed that data is recorded correctly in 1C accounting program. Review of SAR confirmed that data is filled in SAR correctly.
<b>NC Status:</b>	Closed

<b>NC number</b> 05/20	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	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
<b>Description of Non-conformance and Related Evidence:</b>	
There is 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%.	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	<i>Click or tap here to enter description provided by Company to close the NC.</i>
<b>Findings for Evaluation of Evidence:</b>	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
<b>NC Status:</b>	Open

## 11 Certification decision

<b>Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Olesja Puiso
<b>Date of decision:</b>	24/Mar/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>