

NEPCon Evaluation of Pelleta Bay 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: 27/Mar/2020

Report authors: : Aliaksandr Zubkevich, Siarhei Minkevich

Name of the Company: Pelleta Bay LLC, Legal and production site address: 211412, Republic of Belarus, Vitebsk region, Polotsk district, Ekimanski village council, 0.4km northwest of the village of Ekiman-1, 9/2.

Company contact for SBP: Vital Yushchanka, Director. Mob.: +375 29 713 96 50; Email: pelleta-by@tut.by

Certified Supply Base: Belarus

SBP Certificate Code: SBP-07-76

Date of certificate issue: 30/Mar/2020

Date of certificate expiry: 29/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

Pelleta Bay LLC is a secondary processor (biomass producer) with production capacity of 3600 tone pellets/year, located in Vitebsk region, Belarus. BP was established in 2018 and has 13 staff members. The BP holds valid FSC CoC certificate covering biomass production only and uses only FSC 100%-certified feedstock for pellet production (wet sawdust) and heating (firewood, slabs). 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) as well as FSC certified suppliers (private companies, etc). Feedstock is delivered to production site by BP's own trucks.

5.2 Description of Company's Supply Base

Pelleta Bay LLC is a private limited liability company founded in 2018. The main activity of the company is the production of wood pellets.

The timber supply base for the pellets production processes is located in the Republic of Belarus.

The company produces wood pellets from SBP-compliant secondary feedstock – sawdust (wood processing industry waste). In the production process, for drying, the company also uses slabs and firewood (wood processing industry waste). The company also receives non-compliant secondary feedstock – sawdust, that is used for production of wood pellets intended for internal market, and firewood used for drying in the production process.

SBP-compliant secondary feedstock – 77% (sawdust, slabs, firewood - wood processing industry waste)

SBP-non compliant secondary feedstock – 17% (sawdust, slabs, firewood - wood processing industry waste)

SBP-compliant primary feedstock – 3% (firewood – used for burner)

SBP-non compliant primary feedstock – 3% (firewood - used for burner)

This report will take into account the total volumes of raw materials, but will not include SBE (controlled material). SBP-compliant certified material makes up 80% of all production raw materials.

The factory has approximately 10 feedstock suppliers.

The wood species - *Alnus glutinosa*; *Alnus incana* (L.) Moench; *Betula pendula*; *Picea abies*; *Pinus sylvestris*; *Populus tremula*.

In the Republic of Belarus forests are one of the main renewable natural resources and the major national wealth. The woods and forest resources are of great importance for sustainable social and economic development of the country, ensuring its economic, energy, ecological and food security. For a number of the key indicators characterizing forest fund (woodiness of the territory, the area of the woods and stock of growing wood in terms of per capita), Belarus is among the top ten forest states of Europe.

Forestry of Belarus, successfully implementing the principles of sustainable multipurpose forest management, is important for stable functioning of the forest sector of the country and contributes to the development of allied industries of economy, making a significant contribution to the implementation of the signed international treaties at the global level in the field of environmental protection. Its economic, environmental and social role has been steadily increasing. All this gives grounds to say that in modern conditions the forestry sector from traditional commodity industry turns into infrastructural and one of the key sectors of the national economic complex, especially in the rural areas of the country.

As a result of purposeful work on reproduction of the woods and forest growing, positive dynamics of forest fund is reached.

So from 1994 the key quantitative and qualitative indexes of the forests improved:

- forest area increased by 889,2 thousand hectares from 7371,7 to 8260,9 thousand hectares;
- the area under forest of the Republic reached 39.8 per cent (increased by 4.3%);
- the total stock of standing timber increased by 702,8 million cubic meters and amounted to 1796,0 million cubic meters (including in Mature and overmature stands - 250,4 million cubic meters and constituted – 296,0 million cubic meters);
- the stock per 1 ha. of forested land increased by 69 cubic meters and amounted to 217 cubic meters per 1 ha.; the stock of mature and overmature plantings increased by 54 cubic meters and reached 267 cubic meters per 1 ha.;
- average age of plantings increased from 44 to 56 years

Belarus has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belarus.

When harvesting wood, according to the forest legislation of the Republic of Belarus, individual species

listed in the Red Book and their habitats are subject to conservation. Cutting of valuable, endangered and protected tree species is prohibited.

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.

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

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet at <https://www.facebook.com/groups/PelletaBySBRreports/>

5.4 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. Only secondary feedstock (sawdust) with FSC 100% claim will be used for pellet production and FSC transfer system of claims is implemented (all pellets will have FSC 100% claim). Some amount of biomass is produced from non-certified secondary 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 March 13, 2020 (app. 8 auditor hours). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	13/03/2020 10.00-10.30
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	13/03/2020 10.30-12.00
Chain of custody review (site tour); staff interview	Production facilities	13/03/2020 12.00-13.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	13/03/2020 13.00-18.00
Closing meeting	Office	13/03/2020 18.00-18.15

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Aliaksandr Zubkevich, audit team leader	NEPCon SBP lead auditor. He has successfully passed SBP auditor training; previous experience with more than 30 SBP assessments and annual audits in Belarus and Europe.
Siarhei Minkevich, SBP auditor in training	NEPCon FSC FM/COC and FSC CoC lead auditor. He has successfully passed SBP lead auditor training in Germany in September 2019 and participated in several SBP audits 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.

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.

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 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% secondary 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; gasoline for biomass handling (from production line to warehouse), and diesel for shipping; diesel for biomass transportation to customer. Diesel consumption value by vehicles used at pellet plant is based on calculation of fuel consumption per vehicle and 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/director (SBP procedures and systems updates, SBR, complaints, conversion factor updates, DTS) and vice-director (SAR and energy use data collection). 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:	<p>SBP Instruction Document 5E V.1.1, 6.5.1 The BP shall operate a management system including logbooks or electronic code/card systems to allocate the use of fossil fuel to processing or transport.</p> <p>6.5.2 Allocation of fossil fuel for production should be based on appropriate metering. The fuel allocation system is especially important where the storage is not dedicated to biomass production and some vehicles or machinery unrelated to the biomass production may also use the fossil fuel from the same storage. In some cases, a practical alternative is to measure and record the specific (hourly) fossil fuel consumption of all the machinery/vehicles used, and the number of operating hours.</p>
Description of Non-conformance and Related Evidence:	
<p>The fuel allocation system accounts fossil fuel consumption by the vehicles and machinery both related to the pellet plant as well as unrelated to the biomass production (fuel from one centralized accounting system).</p> <p>The organization provided data on fossil fuel for pellet production (consumption by front-end loader and forklift). The calculations are based on the number of operating hours of the loaders and the average fossil fuel consumption of the machinery used (provided in the technical specifications).</p> <p>Written confirmations of the data on the hours of operation of the loaders in the reporting period were not provided (such data is not in the work logs); in electronic calculations (Excel file) there are averaged data (one digit for each loader) by the number of machine hours on average for the entire reporting period). Allocation of fossil fuel for production should be based on appropriate metering.</p> <p>Non-conformity is considered as minor, because fuel consumption data was provided, and the methodology of calculation in general provides adequate data of fuel consumption by truck loaders used by pellet plant.</p> <p>Система распределения топлива учитывает потребление ископаемого топлива транспортными средствами и механизмами, как связанными с пеллетным заводом, так и не связанными с производством биомассы (топливо из одной централизованной системы учета).</p> <p>Организация предоставила данные по ископаемому топливу для производства пеллет (потребление фронтальным погрузчиком и вилочным погрузчиком). Расчеты основаны на количестве рабочих</p>	

часов погрузчиков и среднем потреблении топлива используемыми машинами (приведено в технических характеристиках).

Письменные подтверждения данных по часам работы погрузчиков в учетном периоде не были предоставлены (таких данных нет в рабочих журналах); в электронных расчетах (файл Excel) имеются усредненные данные (одной цифрой по каждому погрузчику) по количеству машино-часов в среднем за весь учетный период). Распределение топлива для производства должно быть основано на соответствующем учете.

Несоответствие считается незначительным, поскольку данные о потреблении топлива были предоставлены, а методология расчета в целом обеспечивает адекватные данные о потреблении топлива автопогрузчиками, используемыми на заводе по производству пеллет.

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

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:	27/Mar/2020
Other comments:	N/A