

NEPCon Evaluation of Ecolin and K Compliance with the SBP Framework: Public Summary Report

Fourth Surveillance 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*

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1 Overview

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Current report completion date: 06/Apr/2020

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Name of the Company: Ecolin and K, LLC, AVM "Ubolotye" building, k1., 223134, v. Ubolotye, Minsk region, Logoisk district, Belarus

Company contact for SBP: Titov Andrei, deputy director, mob: +375291147550; email: 1147550@list.ru

Certified Supply Base: sourcing from Republic of Belarus

SBP Certificate Code: SBP -01-42

Date of certificate issue: 07/Oct/2016

Date of certificate expiry: 07/Oct/2021

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope description: The certificate scope covers production of wood pellets, for use in energy production, at Ecolin and K, and transportation by different means of transport to different end points all over the world. 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

Organisation is a primary (machine-rounded wood products) and secondary (wood pellets) manufacturer with the office and production site located in the v. Ubolotye, Belarus.

The Organisation holds valid FSC Chain of Custody certificate with FSC transfer system in the scope and sources roundwood (logs) for machine-rounded wood production. Organisation's own wood processing residues are used as a feedstock for pellet production. BP is also sourcing the secondary feedstock from other wood processing enterprises (3 suppliers in the reporting period). For burner, Organisation uses both secondary feedstock and primary feedstock (low quality roundwood – firewood).

All incoming feedstock used for production of SBP certified products (including biofuel for burner) has FSC 100% claim. Only secondary feedstock (own as well as procured processing residues) is used in the actual production of SBP certified pellets; the reported amount of certified primary material is only used for drying. In all cases the wood material originates from Belarus only.

Organisation may also use non-certified primary feedstock (roundwood for primary processing) as input for the sawmill. The non-certified secondary feedstock (wood wastes) then is never used in certified biomass production, including dryer.

Produced biomass is transported by railway and sold at Belarusian – Latvian border, Bigosovo railway station (DAP Incoterms).

Pellet plant production capacity is app. 7000 tones biomass/year.

5.2 Description of Company's Supply Base

The Supply Base is the Republic of Belarus. 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

Distribution of forests by dominant species:

- pine – 50.3 %;
- spruce–9.2 %;
- birch – 23.2 %;
- black alder – 8.5 %;
- aspen – 2.1%;
- oak – 3.4%;
- other species – 3.3 %.

Source: <http://www.mlh.by>

Forest management

Forest in the Republic of Belarus is exclusively state's property. The Republic of Belarus carries out maintenance, usage and management of the forests via authorized institutions of forest management; the main functions of these institutions are management and usage of the forests. In accordance with the Forest Code, institutions of forest management are obliged to carry out measures of forest management according to legislation on forest and nature protection and to ensure compliance with the requirements of legislation on usage, protection, defense and replanting of the forests and protection of the environment.

Forest usage

In 2019, all kinds of cuttings provided 20.9 million cubic meters of marketable timber while last year volume was 19,5 million cubic meters. Cuttings volume of 2019 has grown up for 7 % for the level of 2018.

In 2019, the absence of exports of round timber in the industry as a whole was delivered for the export of forest products and services in the amount of more than \$ 140 million USD, which is 94% by 2017. Under comparable conditions (excluding the sale of roundwood for export in previous years) due to the development of its own woodworking capacity, export growth amounted to 174%.

In 2017 of the total exports of the implementation of round forest products in value terms amounted to 45%, the implementation of the lumber – 37%, debarked, round products - 4% and other products – 14%.

Given that in 2018 the export of round timber was not carried out, the Ministry of forestry increased the volume of exports of wood products, which in value terms amounted to: sawn timber – 56% of the total sales for export, round products – 6% and other products – 36%.

Exports of sawn products in 2018 in percentage terms by country amounted to: Lithuania-25%, Latvia – 28%, Germany - 24%, Poland – 15.2%, Belgium – 5.4%, the Netherlands – 3.0%, Romania – 2.0%, Azerbaijan – 1.5%, Sweden – 1.4%, Russia – 1.1%, others – 1.2%.

Source: <http://www.mlh.by>,

Biological diversity

Belarus is a signatory of the CITES Convention since 1995. Requirements of CITES are respected in forestry, although, in Belarus, there are no species included in the lists of CITES.

Annual reforestation is carried out over an area of 40408 hectares, including 85 % of forest planting and 15 % of natural regeneration. <http://belstat.gov.by/> (2017)

In the territory of Belarus, two state reserves – Berezinsky Biosphere Reserve (85.2 thousands hectares) and Polesie State Radioecological Reserve (216.1 thousands hectares) and four national parks –Bialowieza Forest (152.962 thousands hectares), Braslav Lakes (69.115 thousands hectares), national parks “Narochansky” (93.3 thousands hectares) and “Pripyatsky” (85 841 thousands hectares).

Certification

Forest certification is carried out in accordance with the requirements of the FSC international Forest stewardship Council scheme and within the framework of the forest certification System of the National conformity assessment system of the Republic of Belarus recognized by the pan-European forest certification Council (PEFC). Taking into account the requirements of the international Forest stewardship Council (FSC) scheme as of January 1, 2019, 96 forestry enterprises, or 8.3 million hectares of forest Fund (98.5% of the total forest Fund of the Ministry of forestry) were certified. According to the PEFC scheme, 93 forestry enterprises of the Ministry of forestry on the area of 8.0 million hectares of forest Fund (95.0% of the total forest Fund of the Ministry of forestry) are certified forest management and forest management systems.

For more detailed information about BP’s Supply Base, please see Supply Base Report available at BP’s website <http://ecolin.by/news>

5.3 Detailed description of Supply Base

Total Supply Base area:	9.58 million ha
Tenure by type:	9,58 million ha state ownership
Forest by type:	9.58 million ha temperate
Forest by management type:	9.58 million ha managed semi-natural
Certified forest by scheme:	FSC - 9.03 million ha

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody certificate <https://info.fsc.org/details.php?id=a023300000VGO4bAAH&type=certificate> and implements FSC transfer system of claims. All the input materials are received with FSC 100% claim. Incoming wood reception register and suppliers list are maintained. All material is checked during the arrival and recorded in the internal database. The physical segregation of non FSC certified feedstock is ensured according to FSC CoC procedure, in case when such kind of feedstock enters the production site. In fact, in the reporting period insignificant amount of such non-certified feedstock was used as a biofuel in burner, for production of non-certified biomass for local market. It should be stressed, that even for such non-certified production BP used FSC 100% feedstock for pelletizing; non-certified feedstock was used only as a biofuel in burner.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite audit was conducted on March 13, 2020 (6,5 h). Audit activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	13/03/2020 09.30-09.45
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 09.45-11.30
Chain of custody review (site tour); staff interview	Production facilities	13/03/2020 11.30-12.15
Documents and procedures review (SAR and energy use primary data); staff interview	Office	13/03/2020 12.15-15.45
Closing meeting	Office	13/03/2020 15.45-16.00

**Note – additionally app. 2 hours was spent for review of SBP-related documentation provided to audit team leader prior to onsite audit.*

6.2 Description of evaluation activities

The audit 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 the collection of the energy and emission data.

Description of the audit evaluation:

All SBP related documentation connected to the SBP as well as FSC system of the organisation, including SBP Procedures, GHG related data, Supply Base Reports, were evaluated during the audit.

Auditor was welcomed in the company. Audit started with an opening meeting attended by the deputy director.

Auditor introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and audit methodology and clarified verification 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 feedstock/ biomass. During the process overall responsible person for SBP system and as well as other persons having key responsibilities within the system were interviewed.

After that roundtrip around BP’s pellet production was undertaken. During the site tour reception process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

At the end audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the representative of the company

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.

6.3 Process for consultation with stakeholders

No stakeholder consultations conducted prior to, during or after this audit.

7 Results

7.1 Main strengths and weaknesses

Strength: Use of the FSC transfer system. Effective management procedures. Limited number of staff members involved in SBP certification.

Weaknesses: No weaknesses identified by auditor.

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 and biomass handling and shipping; diesel and electricity for biomass transportation to customer. Diesel consumption values (except feedstock delivery by trucks and biomass transport by railway) are based on actual registration of fuel consumption by vehicles. Since the BP is not equipped with the separate electric meter, BP implements engineering calculations to identify electricity consumption value. Engineering calculations are based on data of installed capacity of the equipment at pellet plant.

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: deputy director (he is responsible almost for all aspects of SBP certification) and chief accountant (performance of invoices). Interviewed staff was well familiar with their responsibilities

7.5 Stakeholder feedback

No stakeholder comments were received

7.6 Preconditions

No preconditions to this certification identified at the time of this audit.

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.

NCRs raised during previous audit:

NC number 02/19	NC Grading: Minor
Standard & Requirement:	Instruction document 5A 2.1.3. Each Legal Owner shall operate a management system to ensure that data recorded is consistently compliant with the requirements specified in SBP Standards and Instruction documents
Description of Non-conformance and Related Evidence:	
<p>The organization has management system in place. The SBP procedure was prepared and implemented. Data recorded is in compliant with latest relevant SBP Standards and Instruction documents. However, procedures provides misleading information. which may lead to misinterpretation of the workers. The procedure contains wrong references on old version of instruction 5a, outdated terms and definitions.</p> <p>Организация имеет систему управления, которая гарантирует, что данные регистрируются в соответствии с требованиями SBP. Процедура SBP разработана и внедрена. Данные учитываются в соответствии с последними применимыми требованиями SBP. Однако процедура включает ошибочную информацию, которая может ввести в заблуждение сотрудников. Процедура содержит ссылки на старую версию инструкции 5a, требуется подготовка отчетов, которые уже не актуальны, используются устаревшие термины и определения.</p>	
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:	Updated SBP documented procedure / Обновленная документированная процедура SBP
Findings for Evaluation of Evidence:	BP submitted to auditor the updated version of SBP documented procedure. It includes all required and actual information. The procedure is based on requirements of ID 5E / Организация предоставила аудитору обновленный вариант письменной процедуры SBP, которая включает в себя всю требуемую и актуальную информацию. Процедура основывается на требованиях ID 5E.

NC Status:	Closed
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NCRs raised during the current audit:

NC number 01/20	NC Grading: Minor
Standard & Requirement:	SBP Standard #4, p. 5.5.2 There are two SBP claims: 'SBP-compliant biomass'. 'SBP-controlled biomass'
Description of Non-conformance and Related Evidence:	
In the reporting period BP used incomplete SBP claim in invoices and transport documents: 'SBP-compliant'.	
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:	Updated templates of invoice and transport document.
Findings for Evaluation of Evidence:	Prior to the end of this audit, BP submitted to auditor the corrected template of invoice and transport document, where SBP claim is correctly stated as 'SBP-compliant biomass'.
NC Status:	Closed

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):	Olesja Puiso
Date of decision:	06/Apr/2020
Other comments:	<i>Click or tap here to enter text.</i>