Sustainable Biomass Program

NEPCon Evaluation of JLLC Profitsystem, Branch №3 Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

www.sbp-cert.org

Completed in accordance with the CB Public Summary Report Template Version 1.3

For further information on the SBP Framework and to view the full set of documentation see 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

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1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.org, +420 606 730 382

Current report completion date: 03/Sep/2018

Report authors: Aliaksandr Zubkevich

Name of the Company: JOINT LIMITED LABILITY COMPANY “PROFITSYSTEM”, 27 Dostoevskogo str., 220040 Minsk, Republic of Belarus

Company contact for SBP: Alexey Phedorinchik, sales department chief, +375 29 337 59 90, phedorinchik@gmail.com

Certified Supply Base: sourcing from Republic of Belarus

SBP Certificate Code: SBP -01-35

Date of certificate issue: 15/Sep/2016

Date of certificate expiry: 14/Sep/2021

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

Profytsystem JLLC is a manufacturer of machine-rounded wood products. The company has its head office located in the city of Minsk, and three production sites in city Berezino, city Ivatsevichi and Pleshchenitsy. The certificate scope covers the production site in city Pleshchenitsy as well as head office in Minsk, Belarus.

The Organisation holds valid FSC Chain of Custody certificate with FSC transfer system in the scope. The FSC certificate contains the sawmill as well as pellet production. The FSC certificate is multisite and include all 3 production sites.

The Organisation is sourcing wood logs for machine-rounded wood production. BP is using only secondary feedstock from their primary production.

Secondary feedstock: sawmill residues (sawdust and chips) is used for the pellet production as well as for biomass drying.

All inputs materials delivered to the pellet production plant from their own primary production and all material used was FSC certified. Feedstock used in the biomass production originates only from Belarus.

Scope of the evaluation is indicated in the table below:

The certificate scope covers production of wood pellets, for use in energy production, at Profitsystem Ltd branch № 3 and transportation by rail to Belarusian/Latvian border, Bigosovo railway station. The scope of the certificate does not include Supply Base Evaluation.

Scope Item	Check all that apply to the Certificate Scope			Change in Scope (N/A for Assessments)
Approved Standards:	*SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0* http://www.sustainablebiomasspartnership.org/documents			☐
Primary Activity:	Pellet producer			☐
Input Material Categories:	☐SBP-Compliant Primary Feedstock		☒SBP-Compliant Secondary Feedstock	☐
	☐Controlled Feedstock		☐SBP non-Compliant Feedstock	
	☐SBP-Compliant Tertiary biomass	☐Post-consumer Tertiary Feedstock		

	☐SBP-approved Recycled Claim	☐Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	☒FSC	☐PEFC	☐SFI	☐GGL	☐
	☒Transfer	☐Percentage	☐Credit		☐
Points of sales	☐Harbour – Permanent storage (Storage site)	☐Harbour – Temporally storage (Logistic site)	☒Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		☐
Provide name of all points of sales	- - -	- - -	-DAP Bigosovo railway station		
Use of SBP claim:	☒Yes	☐No			☐
SBE Verification Program:	☐Low risk sources only	☐Sources with unspecified/ specified risk			☐
	New districts approved for SBP-Compliant inputs:				
Sub-scopes					☐
Specify SBP Product Groups added or removed:					
Comments:					

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

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. Supply Base Evaluation is not covered by the Scope of the Evaluation

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Profytsystem JLLC is a manufacturer of machine-rounded wood products. The company has its head office located in the city of Minsk, and three production sites in Berezino, Ivatsevichi and Pleshchenitsy. The certificate scope covers the production site in Pleshchenitsy as well as head office in Minsk, Belarus.

The Organisation holds valid FSC Chain of Custody certificate with FSC transfer system in the scope. The FSC certificate contains the sawmill as well pellet production. The FSC certificate is multisite and include 3 production sites. All documents and information are circulated to the head office. Head office are responsible for FSC and SBP standards compliance.

The Organisation is sourcing logs for machine-rounded wood production. BP is using own primary production residues.

Logs for the primary production (sawmill) are purchased from state sales agent or local forestry management units. In both cases logs are delivered directly from the forest with harvesting permit. Logs are originating from Belarus.

All incoming feedstock used for production of FSC certified products is FSC certified. The PB processed 18546 m3 of feedstock in total for 2017. Origin information at FMU level (forestry) is available on the delivery documents. The BP has not sourced any non-certified material in the revision period.

The BP is implementing FSC transfer system. Biomass is transported by railway transport and are sold at Belarusian – Latvian border, Bigosovo railway station

5.2 Description of Company’s Supply Base

The supply base of the organization is Belarus. Incoming feedstock is sawdust from own sawmill located in the same region, Belarus.

In Belarus, forest land covers 9.58 million ha. Forests are quite evenly spread over the country’s six regions with the average value of the forest cover (ratio between the stocked forest land and the total land) being 39.3%. Area of Agricultural area 8.7 million ha.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Belarus has fluctuated approx., 11 million cubic metres (http://www.mlh. by 2015.)

Forest area of Belarus consists: forested- 8,260 million ha, Other wooded land 1.32 million ha.

The main wood species in Belarus are: pine 50,4%, spruce 9,2%; birch 23,1%; black alder 3,3%; grey alder 3,3 %: aspen 2,1%; other species 3,3%.

The forests in the Republic of Belarus are state property. Forests under the jurisdiction of the Ministry of Forestry (Minleshoz) cover 86% of the forest fund. Besides, a significant share of the forest fund is managed by the Administration of the President of the Republic of Belarus (8%) and by the Ministry of Emergency Situations of the Republic of Belarus (2%).

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.

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 million ha and area of National parks is 3,98 million ha.

Forestry and the forest industry are essential parts of the republic's economy. The share of forest sector in GNP is 4-5% , 3.2% of local inhabitants are employed in forest sector.

In accordance with the requirements of the of the FSC scheme, as of January 1, 2017, 90 forest enterprises or 7,7 million hectares of forest fund (92,1% of all forest fund of the Ministry of Forestry) were certified.

According to PEFC scheme, systems of forest management and forest exploitation of 93 forest enterprises of the Ministry of Forestry are certified on an area of 7.9 million hectares of forest fund. *For detailes see the BP internet site* http://www.ps.by/o-kompanii/cert/sertificate2/ and
http://www.ps.by/files/images/SBR%20Pleshchenitsy%20branch%20Eng%202017.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 9.5 million ha

Tenure by type (ha): 9,5 million ha state ownership,   0 million ha private forests and 0 million ha other ownership types.

Forest by type (ha): 9.5 million ha temperate forests

Forest by management type (ha): 9.5 million ha managed semi-natural

Certified forest by scheme (ha): FSC - total certified area 8.3 million ha

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody certificate (NC-COC-013425). Critical control points of the FSC CoC system were evaluated also during SBP assessment.

The Organisation has implemented FSC transfer system. All materials are received with FSC certified claim in the revision period. The input material used by the Organisation for biomass production contains only secondary feedstock - for pellet production and for dryer. Secondary feedstock (sawdust) is sourced from own sawmill. The organization has the segregation system in place. The organization does not use any imported material. Incoming material 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 audit was conducted on April 18 (4 h) in head office in Minsk, May 2, 2018 (4h) on pellet factory. Audit activities included documents review at office, inspection of production facilities and staff interviews.

Action	Place	Auditor	date/ time
Introduction meeting (Appr at 9.00-9.15)	Head Office (Minsk)	Aliaksandr Zubkevich	18.04.2018 9:00-15:00 12:00-13:00 lunch time
Analyse of the organization SBP system; Staff interview; Documents review procedure, instructions, training minutes, group products list, suppliers list and etc. Analyse of FSC COC system. Checking of critical points. Purchase and accounting departments staff interview and documents review Realisation and sales. Work with clients (sales department). Review of GHG date calculation, interview with staff	Head Office (Minsk)		
Visit of pellet factory and laboratory, staff interview, review of records List of reviewed processes (visited departments): 1)acceptance of raw material (purchase department) 2)moisture measurement of raw material and products (operator, laboratory); 3)production and accounting (bookkeeping); 4)Use of resources (electrician, mechanic);	Berezino branch	Aliaksandr Zubkevich	02.05.2018 9:00-12:00

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. The company has its head office (located in the city of Minsk), as well as three production sites in city Berezino, city Ivatsevichi and Pleshchenitsy. The production of pellets the same on all three sites. All information and documents are collected in the head office and were reviewed by auditor for all three sites during one day.

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 director.

Auditor introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment 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 documents 5a, 5b, 5c 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 of the 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
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.

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

No Consultation was conducted for this surveillance audit

7 Results

7.1 Main strengths and weaknesses

Strength: Use of production residuals. All elements of SBP system are implemented at the time of the assessment. Use of the FSC transfer system and control of all incoming materials at the level of sawdust reception and production process.

Weaknesses: See the non-conformities below

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

The BP has a good system of data collection. During audit auditor was provided with all required documents.

7.4 Competency of involved personnel

The SBP responsible person in the company is Deputy Head of Marketing and Logistics of head office. The SBP responsible person has shown good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system

7.5 Stakeholder feedback

No stakeholder comments were received

7.6 Preconditions

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

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.*

CLOSED NON-CONFORMANCES

NCR: 01/17	**NC Classification: minor**
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock 7.1 The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP's website. Commercially sensitive and confidential information may be excluded from the SBR
Description of Non-conformance and Related Evidence:	
The BP has prepared updated SBR, but has no made it publicly available on own website. The organization has the procedure to send the SBR to the SBP to be published on their website.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	Internet site http://www.ps.by/o-kompanii/cert/sertificate2/
Findings for Evaluation of Evidence:	The BP has made SBRs publicly available on own website
NCR Status:	**Closed**

NCR: 02/17	**NC Classification: minor**
Standard & Requirement:	Instruction-Document-5A-Collection-and-Communication-of-Data-v1-1-Oct16, requirement 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:	
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 customer. Interviewed staff demonstrated understanding of the standard requirements. The procedure contains wrong references on old version of instruction 5a, in procedure used outdated terms and definitions, some parts of procedure not relevant for the organization	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	Updated procedure
Findings for Evaluation of Evidence:	The BP has updated procedure in the revision period. The updated procedure meets standards requirements. The data collecting system is in compliant with standards requirements.
NCR 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):	Pilar Gorría Serrano
Date of decision:	29/Aug/2018
Other comments:	*Click or tap here to enter text.*