

NEPCon Evaluation of LLC “PROFITSYSTEM”, Branch №3 Compliance with the SBP Framework: Public Summary Report

Third Surveillance 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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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: 21/Mar/2019

Report authors: : Nikolai Tochilov

Name of the Company: LIMITED LIABILITY COMPANY "PROFITSYSTEM", Legal address (main office): 27 Dostoevskogo str., 220040 Minsk, Republic of Belarus. Production site address: 40 Chapaeva str., 223110 g.p.Pleschenitsy ,Minsk region, Republic of Belarus

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

Certified Supply Base: 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 Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

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

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

N/A

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Profytsystem LLC 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 only.

All incoming feedstock used for production of FSC certified products has FSC 100% claim. Origin information at FMU level (forestry) is available on the delivery documents.

Organisation may also used non-certified primary feedstock (roundwood for primary processing) as input for the sawmill. The secondary feedstock (wood wastes) then is never used in biomass production, including dryer. Such feedstock is used in boiler house not related to biomass production, or sold to other companies.

The BP is implementing FSC transfer system. Biomass is transported by railway and sold at Belarusian – Latvian border, Bigosovo railway station (DAF Incoterms).

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> 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.

The forest management system of most of the state forest management units in Belarus is certified against FSC and PEFC.

For more details please see the Supplya Base Report at BP's homepage <http://www.ps.by/o-kompanii/cert/sertificate2/>

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
<https://info.fsc.org/details.php?id=a0240000005sRMiAAM&type=certificate>.

The Organisation has implemented FSC transfer system and uses FSC 100% certified input material for primary and secondary processing. Some roundwood for primary processing may be obtained without FSC claim as non-certified. Such wood is handled separately. Non-certified secondary feedstock (wood wastes generated during primary processing) is never used in pellet production, including dryer. Organisation does not purchase secondary feedstock from other suppliers for biomass production. 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

Activity	Location	Date/time
Opening meeting	Office in Minsk	04/03/2019 09.00-09.15
Documents and procedures review, staff interviews.	Office in Minsk	04/03/2019 09.15-16.00
Chain of custody review (site tour); documents review and staff interview	Pellet production site at Pleshchenitsy	05/03/2019 14.00-16.00
Documents and procedures review; staff interview.	Office in Minsk	07/03/2019 10.00-14.30
Closing meeting*	Office in Minsk	07/03/2019 14.30-15.00
End of the evaluation		07/03/2019 15.00

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 (Berezino, Ivatsevichi and Pleshchenitsy). 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.

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 representatives 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 30 SBP assessments and annual audits in Russia and Europe.

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 stakeholder consultations conducted prior, during or after this audit.

7 Results

7.1 Main strengths and weaknesses

Strengths: use of FSC transfer system. Robust recordkeeping system. Good awareness of certification requirements by involved staff.

Weaknesses: please see minor NCRs below in this report.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

BP has robust system of measuring and recordkeeping of energy use data related to biomass production, handling and transport.

7.4 Competency of involved personnel

Responsible staff showed good awareness of requirements of applicable SBP standards and Instruction Documents.

7.5 Stakeholder feedback

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

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

N/A

9 Review of Company's mitigation measures

N/A

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 01/19	NC Grading: Minor
Standard & Requirement:	SBP Trademark License Agreement (V2-0), section 7.2: As and when required by the Licensor, the Licensee shall send to the Licensor for its prior written approval, the text and layout of any material relating to Products containing the Mark. In the event that the Licensor disapproves of such material, it shall give written notice of such disapproval to the Licensee within 5 days of receipt by the Licensor of the material. The Licensee shall not use any material with the Mark (including but not limited to advertising, marketing or promotion of Products) that has not been approved by the Licensor. In the absence of a written notice of non-approval within 5 days of receipt of such materials, the materials shall be deemed to have been approved by the Licensor.
Description of Non-conformance and Related Evidence:	
<p>Organisation posted the Supply Base Reports at their homepage http://www.ps.by/o-kompanii/cert/ - the title of the link leading to the reports (Russian language version) is “Сертификат SBP” (SBP Certificate). Promotional use of SBP trademark has not been sent to Licensor for approval.</p> <p>Организация разместила Отчеты о ресурсной базе на своей домашней странице http://www.ps.by/o-kompanii/cert/ - их можно увидеть, пройдя по ссылке “Сертификаты SBP”. Использование товарного знака SBP в целях продвижения не было согласовано с SBP.</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:	BP's homepage http://www.ps.by/o-kompanii/cert/ Домашняя страница Организации http://www.ps.by/o-kompanii/cert/
Findings for Evaluation of Evidence:	Prior to report finalization BP removed SBP abbreviation from their homepage.

	До финализации отчета Организация убрала аббревиатуру SBP со своей домашней страницы.
NC Status:	CLOSED / ЗАКРЫТО

NC number 02/19	NC Grading: Minor
Standard & Requirement:	SBP ID #5B, requirement 5.1.3 The BP shall justify the data and methodology used for reporting energy use to the CB, and this shall be recorded in the SAR
Description of Non-conformance and Related Evidence:	
<p>BP measures the moisture of the feedstock prior and after drying, as well as the moisture of the pellets with established frequency, and registers the measurements in paper log. Prior to the annual audit BP has not calculated the average moisture values based on obtained measurements, but specified in SAR estimate moisture values.</p> <p>Организация с установленной периодичностью осуществляет измерение влажности сырья на входе и после сушки, а также влажности готовой продукции, и регистрирует полученные результаты в журнале. Перед ежегодным аудитом Организация не сделала расчет средних значений влажности на основе полученных за год показателей; вместо этого в документе SAR приведены оценочные показатели влажности.</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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number 03/19	NC Grading: Minor
Standard & Requirement:	Standard #4 Chain of Custody (Ver.1.0), requirement 5.5.2 There are two SBP claims: -‘SBP-compliant biomass’. -‘SBP-controlled biomass’
Description of Non-conformance and Related Evidence:	
<p>Although it is not directly required by SBP to specify SBP certificate code and claim in invoice and/or transport document, BP includes this information into its invoices. Random review of the invoices issued in the reporting period identified that BP makes there incorrect SBP claim – SBP-compliant.</p>	

Хотя SBP напрямую не требует указывать код сертификата и заявление SBP в товаросопроводительной и торговой документации, Организация включает эту информацию в инвойсы. Выборочная проверка инвойсов, подготовленных в отчетном периоде, показала, что заявление SBP делается некорректно – 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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

OBSERVATIONS:

OBS / Наблюдение: 01/19	Standard & Requirement:	SBP Standard 2, requirement 15.3 The BP management system shall document all necessary procedures
	Report Section	Appendix A
Description of findings leading to observation:	<p>Some of the information in SBP Procedure become out-of-date (such as reference to old address of FSC public database of FSC certificate holders, reference to previous version of FSC-STD-40-004 etc.).</p> <p>Часть информации в письменном руководстве (инструкции) по SBP сертификации устарела (например, приведена ссылка на старый адрес веб-сайта FSC, где размещена публичная база данных держателей сертификатов; дана ссылка на устаревшую версию стандарта FSC-STD-40-004, и т.п.).</p>	
Observation:	<p>It is recommended to review SBP Procedure and update its content where applicable.</p> <p>Организации рекомендуется проверить свое письменное руководство (инструкцию) по SBP сертификации и произвести обновления, где это применимо.</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):	Pilar Gorría Serrano
Date of decision:	21/Mar/2019
Other comments:	<i>Click or tap here to enter text.</i>