

Supply Base Report LLC “Profitsystem” Branch No. 2

Third Surveillance Audit

www.sbp-cert.org



Completed in accordance with the Supply Base 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

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1 Overview

Producer name: LLC "Profitsystem"
Producer location: Str. Dostoevsky 27, Minsk, 220040, Republic of Belarus
Geographic position: 52.697282, 25.323043
Primary contact: Alexey Fedorinchik str. Dostoevsky 27, Minsk, 220040, Belarus,
 +375172161044, Phedorinchik@gmail.com
Company website: www.ps.by
Date report finalised: 04/Mar/2019
Close of last CB audit: 07/Mar/2019, Minsk
Name of CB: NEPCon
Translations from English: Yes
SBP Standard(s) used: №2 Standard version 1.0, №4 standard version 1.0 and standard №5 version 1.0
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>
SBP Endorsed Regional Risk Assessment: N/A
Weblink to SBE on Company website: N/A

| Indicate how the current evaluation fits within the cycle of Supply Base Evaluations | | | | |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|
| Main (Initial) Evaluation | First Surveillance | Second Surveillance | Third Surveillance | Fourth Surveillance |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

2 Description of the Supply Base

2.1 General description

The supply base for raw material is the whole territory of the Republic of Belarus.

Total area of the forest fund in Belarus is about 9.5 million ha, percentage of forest land makes 39%. The stock of growing wood is estimated at 1.7 billion m³. Annual wood increment makes 31.4 million m³. The republic has 0.86 ha of forest covered land and 170 cubic meter of wood stock per inhabitant what is twice more than the average European rate. Furthermore there is observed the steady enlargement of the areas with the maturing, mature and overmature forest stands. During the twenty-year period the area of mature forest stands increased more than twice.

Percentage of mature and overmature forests is 12,5%, maturing - 22.8%, middle-aged – 46%, saplings – 18,7%. Structure of forests is represented by: Scots pine – 50,3%, Norway spruce - 9.2%; birch – 23,2%, black alder – 8,5%, aspen – 2,1; oak - 3.4%., other species – 3,3%.

Depending on usage forests are divided into first and second groups. The first group includes protected area (52%)s, to the second - forests designated for timber production. Some types of logging activities like thinning, sanitary cutting etc. are allowed in first group of forest.

Forest exploitation in Belarus implies continuity and inexhaustibility. Annual average logging is 10.0 to 11.2 mln m³ including 4.3 to 4.5 mln m³ (40%) of final cutting (in mature stands), 5.4 mln m³ (48%) of maintenance and sanitary cutting (young, middle aged and ripening forests), 1.0 to 2.3 mln m³ (12%) of other felling types. Forest exploitation is expected to intensify potentially to over 19 mln m³ in 2016-2020.

In accordance with the Belarusian legislation, all forests are state owned.

According to the forest legislation of the Republic of Belarus logging should do no harm to the species listed in the Red Book. It is prohibited to fell valuable and protected species of trees.

Protected areas are 5 national parks (Bialowieza Forest, Braslav, Naroch and Pripyat, Berezinsky biosphere).

Forest certification is an effective tool to counter illegal logging and illegal timber trade. The Republic of Belarus is widely using system of forest certification FSC (Forest Stewardship Council). Also PEFC certification scheme is quite popular (Program for the Endorsement of Forest Certification Schemes). The total area of FSC certified forests is 8,3 million hectares (87% of the forest), and the international system of PEFC certified 8.84 million hectares (93% of forest area). Dynamics of development of forest certification in the Republic of Belarus points to the ever-increasing activity of forest companies, indicating the responsibility to ensure the legality of timber harvested, and compliance with environmental and other requirements

Belarusian forest industry consists of forestry (13.5% of total output), woodworking (69.6% of total output) and pulp-and-paper (16.4% of total output) sectors. Sawmilling has been a major activity historically, and today about 1500 enterprises are certified to produce saw timber. Most of them combine the latter with mechanical woodworking (windows and doors, wood-frame houses) or wood harvesting. State forestry institutions possess their own woodworking facilities dedicated to machining own round timber. Thus, 71 workshops at state

forestry enterprises processed over 1.9 mln m3 of wood in 2013.

Forestry contribution to the national economy made up USD 575mln or 1.1% of GDP in 2011. According to FAO (Food and Agriculture Organization) 113 thousand people are directly engaged in forestry.

More than 75 woodworking and trade Belarusian companies had been certified by FSC (Forest Stewardship Council) by mid-2015.

Belarus consumes approximately 967 PJ annually that equals to 23 mln t of oil. Belarusian wood biofuel potential is assumed to be equal to 611 mln m3. Annual ship yield had reached 1.25 mln m3 by 2014.

LLC "Profitsystem" produces products made of machine-rounded wood for landscaping and agricultural use. Pellets are being produced from our primary production residues. Round wood for primary production comes from thinning.

LLC "Profitsystem" has the ability to produce pellets with a statement SBP-complaint biomass. The logs are coming from the FSC certified State forest enterprises. All feedstock is classified as SBP-compliant secondary feedstock (FSC 100% SBP compliant secondary feedstock/sawmill residues).

The main species are Scots pine (*Pinus silvestris*), Spruce (*Picea abies*).

Sawmills ratio averages at 90% Pine, Spruce - 10%.

2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets company uses wastes of its own production. For the main production round timber is purchased from State forest enterprises. State forest enterprises, which deliver logs are holders of FSC certificates. LLC "Profitsystem" is permanently explaining to suppliers to explain the certification requirements, its use and application.

2.3 Final harvest sampling programme

N/A

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

For the production of pellets LLC "Profitsystem" uses secondary raw material (FSC 100% - sawmill residues) coming from own production. The main tree species are Scots pine (*Pinus silvestris*), Spruce (*Picea abies*).

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 9 500 000 ha
- b. Tenure by type (ha) 9,5 million ha state ownership, 0 million ha private forests and 0 million ha other ownership types.
- c. Forest by type (ha): 9.5 million ha temperate forests
- d. Forest by management type (ha): 9.5 million ha managed semi-natural
- e. Certified forest by scheme (ha): FSC -- FSC - total certified area 8.3 million ha
PEFC – total certified area 8,84 million ha

Feedstock

- f. Total volume of Feedstock: 7844 t
- g. Volume of primary feedstock: 0 m3
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme
 - Not certified to an SBP-approved Forest Management Scheme
- i. List all species in primary feedstock, including scientific name
- j. The volume of primary raw materials from primary forests -0 m3
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- l. The volume of secondary feedstock: sawmill residues 7844 t as production residues come from own production. All feedstock originates from Republic of Belarus.
- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) if a compelling justification is provided: 0 m3

3 Requirement for a Supply Base Evaluation

| SBE completed | SBE not completed |
|--------------------------|-------------------|
| <input type="checkbox"/> | X |

SBE is not developed, as all the raw materials comes from FSC-certified forests

4 Supply Base Evaluation

4.1 Scope

Not applicable.

4.2 Justification

Not applicable.

4.3 Results of Risk Assessment

Not applicable.

4.4 Results of Supplier Verification Programme

Not applicable.

4.5 Conclusion

Not applicable.

5 Supply Base Evaluation Process

Not applicable.

6 Stakeholder Consultation

Not applicable.

6.1 Response to stakeholder comments

Not applicable

7 Overview of Initial Assessment of Risk

Not applicable

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable

8.2 Site visits

Not applicable.

8.3 Conclusions from the Supplier Verification Programme

Not applicable.

9 Mitigation Measures

9.1 Mitigation measures

Not applicable

9.2 Monitoring and outcomes

Not applicable.

10 Detailed Findings for Indicators

Not applicable

11 Review of Report

11.1 Peer review

Peer review has not been performed

11.2 Public or additional reviews

Public and additional reviews have not been conducted.

12 Approval of Report

| Approval of Supply Base Report by senior management | | | |
|--|---------------------------|---|-------------------|
| Report Prepared by: | <i>Alexey Fedorinchik</i> | <i>Deputy chief of sales and logistic</i> | <i>04.03.2019</i> |
| | Name | Title | Date |
| The undersigned persons confirm that I/we are members of the organisation’s senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report. | | | |
| Report approved by: | <i>Sergey Fedorinchik</i> | <i>Chief of sales and logistic</i> | <i>04.03.2019</i> |
| | Name | Title | Date |
| Report approved by: | <i>[name]</i> | <i>[title]</i> | <i>[date]</i> |
| | Name | Title | Date |
| Report approved by: | <i>[name]</i> | <i>[title]</i> | <i>[date]</i> |
| | Name | Title | Date |

13 Updates

13.1 Significant changes in the Supply Base

Not applicable.

13.2 Effectiveness of previous mitigation measures

Not applicable.

13.3 New risk ratings and mitigation measures

Not applicable.

13.4 Actual figures for feedstock over the previous 12 months

In the last 12-month period, the company used the raw 7844 tones³

- n. Total volume of Feedstock: 7844 t
- o. Volume of primary feedstock: 0 m³
- p. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme
 - Not certified to an SBP-approved Forest Management Scheme
- q. List all species in primary feedstock, including scientific name
- r. The volume of primary raw materials from primary forests -0 m³
- s. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- t. The volume of secondary feedstock: sawmill residues 7844 t as production residues come from own production. All feedstock originates from Republic of Belarus.

Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) if a compelling justification is provided: 0 m³

13.5 Projected figures for feedstock over the next 12 months

In the next 12-month period, the company will use the raw 8000 tones.