NEPCon Evaluation of Bionet OJSC Compliance with the SBP Framework: Public Summary Report

Main (Initial) 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

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

Version 1.4: published 16 August 2018

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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
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Current report completion date:	03/Nov/2020
Report authors:	Mikhail Rai
Name of the Company:	Bionet JSC, Russia, 164840, Arkhangelsk Region, Onega, ave. Lenina 217, build. 29, of. 31
Company contact for SBP:	Vyacheslav Pyshnyi, CEO. Mob.: +79212481491, email: v.pyshnyi@bionet-pellets.ru
Certified Supply Base:	Russia, Arkhangelsk region.
SBP Certificate Code:	SBP-08-24
Date of certificate issue:	17/Nov/2020
Date of certificate expiry:	16/Nov/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope of certificate includes production of pellets (Black pellets Bionet™) in Onega, Arkhangelsk region, Russia for use in energy production and its 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. 1.1.

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

Bionet JSC is an enterprise founded in 2009 and is a wood processing waste processor. The company is located in Onega of the Arkhangelsk region on the territory of the former Onega hydrolysis plant. The Onega hydrolysis plant was launched in 1954. The company produced ethyl alcohol, feed yeast, furfural. Raw materials (wood chips, sawdust) were supplied from Onega LDK.

The main activity of Bionet JSC is the production of export pellets from hydrolytic lignin and one can safely say that it is the only producer of so-called black pellets in the world.

The production of Bionet JSC is unique in that the raw material for the production of pellets is wood waste from woodworking production (lignin) accumulated over a long period of activity of the Onega hydrolysis plant. Lignin – a substance that characterizes the woody walls of plant cells, which is a sawdust-like mass from light brown to dark brown in colour, not soluble in water and organic solvents. Lignin is a secondary waste product. Waste from hydrolysis production is wood biomass (wood fibres and components), which is wood waste from the wood processing industry obtained during the hydrolysis of wood at a temperature of 185-190 °C, a pressure of 1.2-1.25 MPa, at which the chemical composition, dispersion, humidity and other characteristics change and the formation of a stable final "product" – hydrolytic lignin occurs. Lignin is not included in the list of dangerous and harmful substances, does not contain heavy metals and halogenated organic compounds. The component composition of lignin: an organic matter of plant origin, moisture, and a small amount of impurities of natural origin. Lignin has a certificate of conformity no. ROSS RU. HX37.H01136.

Raw material supplied to the plant (lignin) is classified as pre-consumer reclaimed material and SBP-compliant tertiary feedstock. According to the FSC product group, pellets are manufactured with the FSC Recycled 100% claim, which corresponds to the SBP-compliant biomass claim.

The final product may be transported by vessels to different endpoints in Europe or elsewhere, on CIF delivery conditions.

The annual production capacity of wood pellets is 90 000 tons.

Bionet JSC plays a large socio-economic role in the city. The company provides many jobs to the population. The social responsibility of Bionet JSC in modern conditions reflects a whole range of relationships. The most important component of social responsibility is the contribution of the Society to the economy. In addition, the interaction between the company and society is reflected in the attitude towards its employees, the city, and support for educational and preschool institutions. In its activities, the company fulfils all environmental and environmental requirements, as well as industrial safety requirements of Russian legislation.

5.2 Description of Company's Supply Base

Bionet JSC has one resource base located 4.5 km from the production site. Lignin is the property of Bionet JSC and is located on leased land plots, state ownership of which is not delimited, on the right of a long-term lease for up to 49 years. The land plots are registered in the state cadastral register. The area of the raw material base is 28.1 ha. The volume of raw material reserves is about 4.5 million tons.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 28,1 ha

Tenure by type (ha): 28,1 hectares of state property

Forest by type (ha): Not applicable

Forest by management type (ha): Not applicable

Certified forest by scheme (ha): Not applicable

Detailed information about BP's supply base may be found in their Supply Base Report available in Internet http://www.bionet-pellets.ru/partners/info/.

5.4 Chain of Custody system

BP holds a valid FSC CoC certificate covering the secondary processing, which includes pellet production https://info.fsc.org/details.php?id=a023300000WmcOXAAZ&type=certificate. Only pre-consumer reclaimed material (SBP-compliant tertiary feedstock) – lignin – is used for black pellet production and an FSC transfer system of claims is implemented (all pellets have FSC Recycled 100% claim). All lignin is a property of BP. A conversion factor had been calculated based on actual measurements of inputs and outputs made in 2019. To date, the conversion factor is established by the relevant order and meets production data.

During processing some part of the feedstock wastes and used by the BP to produce briquettes. The briquettes then are used for heating at the boiler.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted alongside FSC CoC reassessment on November 1-2, 2020 (app 18 working hours). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office	01/11/2020 09.00-09.30
Documents and procedures review (feedstock inputs, SBR, CoC control system and critical points, compliance with legal requirements, H&S), staff interview.	Office	01/11/2020 09.30-18.00
Chain of custody review (site tour); staff interview	Production facilities	02/11/2020 09.00-12.00
Documents and procedures review (SAR and energy use primary data); staff interview	Office	02/11/2020 13.00-19.30
Closing meeting	Office	02/11/2020 19.30-20.00

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Mikhail Rai, audit team leader	NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Berlin in September 2019; previous experience with several SBP assessments and annual audits in Russia and 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 himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the audit team leader explained CB's accreditation 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 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.

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6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on July 04, 2020 by sending direct email to different stakeholder categories. No comments from the stakeholders have been received. List of informed stakeholders is the same which is used for FSC FM/COC assessments notification in Russia. This list was compiled by FSC Russia; it is available at FSC Russia homepage https://ru.fsc.org/ru-ru and 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; only one type of feedstock used and no risk of mixing, small number of the management staff and clearly designated responsibilities within the staff members, effective recordkeeping system.

Weaknesses: no weaknesses identified during assessment.

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; diesel for biomass handling and shipping; electricity and diesel for biomass transportation to customers, biomass for heating. Diesel consumption value by loaders and trucks is based on actual refuelling data obtained in accountancy (also, GPS is used). Electricity consumption by pellet plant and office facilities is based on readings obtained from installed electric meters. Biomass consumption for heating is based on actual weight measurements.

Prior to the reporting period, BP used hard coal for heating. According to the provided calculations, actual biofuel consumption data and onsite verification hard coal has not been used for heating during the reporting period. Furthermore, BP has provided accountancy data with the recent volume of hard coal at the mill. All hard coal will be sold for nearby customers. The fact of no use of hard coal should be verified during the first surveillance audit.

7.4 Competency of involved personnel

SBP related staff responsibilities are presented in Section 3 of the SBP Procedure. Overall, BP staff showed a good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved in SBP certification:

- CEO (overall responsibility, appointment of SBP responsible, implementation control, SBP procedures and systems updates);
- Head of engineering and technical services (feedstock origin, chain of custody, trademark, registration of electricity and diesel, registration of inputs and outputs, conversion factor updates, SDIs, distances);
- SBP responsible / Head of the contract department (SB definition, SBR, EUTR requirements and DDS implementation, SAR);
- Chief accountant (biomass output);
- Head of department of finished goods and transportation (on-product labelling control, responsible for the logistic site);

- Head of legal department (anti-bribery policy and code of conduct, trade, customs and tax legislation, complaints);
- Head of commercial department (SREG (if applicable), DTS);
- Head of laboratory (moisture measurements);
- Separate H&S responsible (H&S implementation).

Also, BP shared responsibilities between staff intimately involved in pellet production. Their responsibilities are described in the SBP procedure additionally.

7.5 Stakeholder feedback

No comments received from stakeholders prior to, during or after this assessment.

7.6 Preconditions

None.

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.*

No NCRs and/or Observations raised during this assessment.

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):	Nikolai Tochilov
Date of decision:	15/Nov/2020
Other comments:	*Click or tap here to enter text.*