SBP

Sustainable Biomass Partnership

Supply Base Report
JLLC “Profitsystem”

www.sustainablebiomasspartnership.org

Version 1.2
June 2016

NOTE:

This template, v1.2, is effective as of the date of publication, that is, 23 June 2016. Template v1.1 may still be used for those audits undertaken prior to 23 June 2016 and where the certificate is issued to Certificate Holders before 1 October 2016.

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Contents

1 Overview

On the first page include the following information:

Producer name: JLLC "Profitsystem"

Producer location: Str. Dostoevsky 27, Minsk, 220040, Republic of Belarus

Geographic position: 53.943518, 27.588973

Primary contact: Alexey Fedorinchik str. Dostoevsky 27, Minsk, 220040, Belarus,

+375172161044, Phedorinchik@gmail.com

Company website: www.ps.by

Date report finalised: 20.04.2018

Close of last CB audit: 02.05.2018, Minsk

Name of CB: UAB Nepcon LT

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: http://www.sustainablebiomasspartnership.org/documents

SBP Endorsed Regional Risk Assessment: N/A

Weblink to SBE on Company website: http://www.ps.by/o-kompanii/cert/sertificate2/

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Third Surveillance**	**Fourth Surveillance**
☐	☐	☒	☐	☐

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.

JLLC "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.

JLCC "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. JLLC "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 JLLC "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: 18546m3
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 18546m3as 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

*- Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m^3

2. 200,000 – 400,000 tonnes or m^3

3. 400,000 – 600,000 tonnes or m^3

4. 600,000 – 800,000 tonnes or m^3

5. 800,000 – 1,000,000 tonnes or m^3

6. >1,000, 000 tonnes or m^3

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	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

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1			
1.1.2			
1.1.3			
1.2.1			
1.3.1			
1.4.1			
1.5.1			
1.6.1			
2.1.1			
2.1.2			
2.1.3			
2.2.1			
2.2.2			
2.2.3			
2.2.4			
2.2.5			
2.2.6			
2.2.7			
2.2.8			
2.2.9			

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1			
2.3.2			
2.3.3			
2.4.1			
2.4.2			
2.4.3			
2.5.1			
2.5.2			
2.6.1			
2.7.1			
2.7.2			
2.7.3			
2.7.4			
2.7.5			
2.8.1			
2.9.1			
2.9.2			
2.10.1			

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

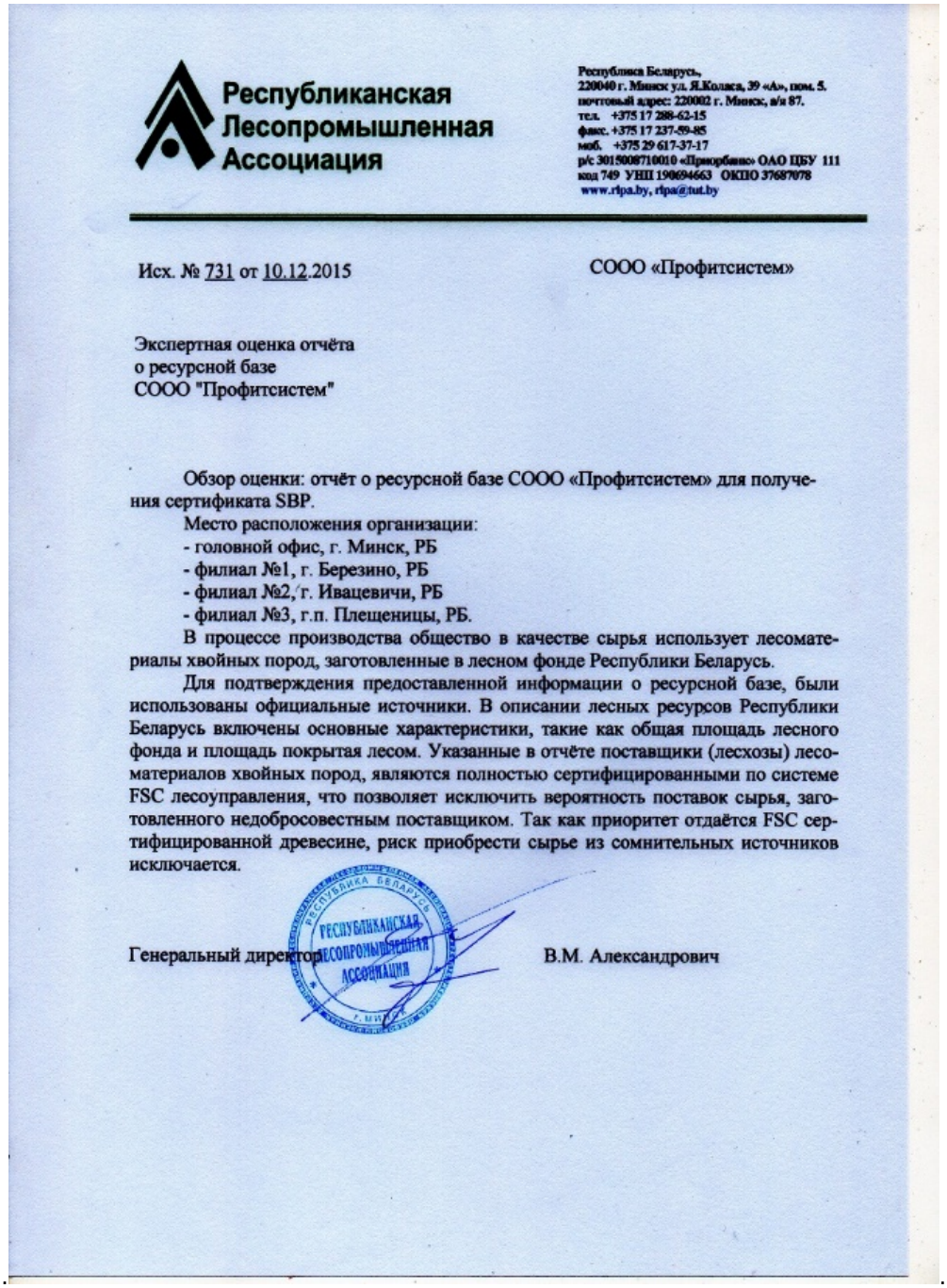
Not applicable

11 Review of Report

11.1 Peer review

In order to assess the company JLLC Profitsystem asked the Republican Forest Industries Association, its Director Alexandrovich Valery

Alexandrovich Valery experienced and competent people in the forestry business, has more than 20 years in various enterprises of the woodworking industry. Since 2011, he is the CEO of the Republican Forest Industries Association - a public organization, which unites about 100 legal entities different forms of wnership and sub ordination



Республиканская Лесопромышленная Ассоциация

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Исх. № 731 от 10.12.2015

СООО «Профитсистем»

Экспертная оценка отчёта
о ресурсной базе
СООО "Профитсистем"

Обзор оценки: отчёт о ресурсной базе СООО «Профитсистем» для получения сертификата SBP.

Место расположения организации:
- головной офис, г. Минск, РБ
- филиал №1, г. Березино, РБ
- филиал №2, г. Ивацевичи, РБ
- филиал №3, г.п. Плещеницы, РБ.

В процессе производства общество в качестве сырья использует лесоматериалы хвойных пород, заготовленные в лесном фонде Республики Беларусь.

Для подтверждения предоставленной информации о ресурсной базе, были использованы официальные источники. В описании лесных ресурсов Республики Беларусь включены основные характеристики, такие как общая площадь лесного фонда и площадь покрытая лесом. Указанные в отчёте поставщики (лесхозы) лесоматериалов хвойных пород, являются полностью сертифицированными по системе FSC лесоуправления, что позволяет исключить вероятность поставок сырья, заготовленного недобросовестным поставщиком. Так как приоритет отдаётся FSC сертифицированной древесине, риск приобрести сырье из сомнительных источников исключается.

Генеральный директор В.М. Александрович

11.2 Public or additional reviews

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	***Alexey Fedorinchik*** 	***Deputy chief of sales and logistic***	***20.04.2018***
	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:	***Sergey Fedorinchik***  	***Chief of sales and logistic***	***20.04.2018***
	Name	**Title**	**Date**
Report approved by:	***[name]***	***[title]***	***[date]***
	Name	**Title**	**Date**
Report approved by:	***[name]***	***[title]***	***[date]***
	Name	**Title**	**Date**

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

13.1 Significant changes in the Supply Base

There are no any significant changes to the supply base.

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

n. Total volume of Feedstock: 18546 m3

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:
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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:
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t. The volume of secondary feedstock: sawmill residues 18546 m3 as production residues come from own production. All feedstock originates from Republic of Belarus.

u. 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 20000m3.