



Supply Base Report: JSC «Bionet»

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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

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1 Overview

On the first page include the following information:

Producer name: JSC " Bionet"

Producer location: 164840, Arkhangelsk region, Onega district, Onega, Lenin Ave., 217, building 29, office 31

Geographic position: 63°55.463' N, 38°03.963' E

Primary contact: Pyshnyi Vyacheslav, 164840, Arkhangelsk region, Onega district, Onega, Lenin Ave., 217, building 29, office 31, тел. 8-921-248-14-91, e-mail: v.pyshnyi@bionet-pellets.ru

Company website: <http://bionet-pellets.ru/>

Date report finalised: 30/09/2020

Close of last CB audit: 02/11/2020

Name of CB: NEPCon

Translations from English: Yes

SBP Standard(s) used: Standard # 2 version 1.0, Standard # 4 version 1.0, Standard # 5 version 1.0

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

SBP Endorsed Regional Risk Assessment: not applicable

Weblink to SBE on Company website: not applicable

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

2 Description of the Supply Base

2.1 General description

JSC "Bionet" 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, Plesetsk sawmill, Velskles sawmill, Konoshsky sawmill, Shalakush sawmill, Severoonezhsk sawmill.

From the history of hydrolysis production in the former USSR. The first pilot plants for producing alcohol by hydrolysis of wood and vegetable agricultural waste appeared in the USSR in the 1930s. In those years, the construction of new hydrolysis plants was proceeding rapidly. This was dictated by the increasing demand for ethyl alcohol, which, among other things, was also used as a raw material for the expanding production of synthetic rubber. During the great Patriotic war, the need for ethyl alcohol increased even more. It was used in the defense industry, in sanitary units and rear hospitals. During the years of acute shortage of food raw materials, hydrolysis alcohol completely replaced alcohol produced from food grains. Immediately after the war, the industry continued to develop actively, and large-scale plans were approved for the construction of new and modernization of existing plants. In those years, there were about 40 hydrolysis plants in the USSR. Until the early 1990s, hydrolysis production was considered a large and highly profitable sub-sector. At the same time, many hydrolysis enterprises were city-forming and performed socially significant functions. However, the situation soon began to change. There are only 17 operating plants left in Russia, and by the early 2000s this number had halved. In 2004, the company closed and by that time the waste landfill contained about 4.5 million tons of lignin.

The Arkhangelsk region is the largest timber industry region in the country and the main producer and exporter of forest products. The total land area of the forest Fund is 29,215.2 thousand hectares; forest cover — 72% (excluding the Islands of the Arctic ocean). The total stock of wood on the root is 2,418.2 million m³. Coniferous stands make up 82.6% of the forested area, deciduous-17.4%. Stands with a predominance of spruce occupy 67.4%, pine-32.3%, other coniferous species (larch, cedar) - 0.3%. Among deciduous stands, birch accounts for 93.7%, aspen-6.2%, and other deciduous species (gray and black alder, tree-like willows) - 0.1%. There are three major timber processing centers in the Arkhangelsk region. The main processing center is located in Arkhangelsk and the surrounding areas, where the largest enterprises of the region are concentrated. These are, first of all, JSC "Arkhangelsk pulp and paper mill", JSC "Arkhangelsk plywood plant", JSC "Lesozavod 25", JSC "LDK-3" and LLC "Pomorskaya sawmill company". This industrial center accounts for up to 60% of the entire processing industry in the region.

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

The production of JSC "Bionet" 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 color, not soluble in water and organic solvents. Lignin is a secondary waste product. Waste from hydrolysis production is wood biomass (wood fibers 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. 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: 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.

Bionet JSC has one resource base located 4.5 km from the production site. Lignin is the property of JSC "Bionet" and is located on leased land plots, state ownership of which is not delimited, on the right of 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. All raw materials supplied to the plant are FSC certified. According to the FSC product group, pellets are manufactured with the FSC Recycled statement, which corresponds to the SBP - compliant biomass statements. Raw materials for pellet production (lignin) are classified as SBP-compliant post-consumer tertiary feedstock.

JSC "Bionet" plays a large socio-economic role in the city. The company provides many jobs to the population. Social responsibility of JSC "Bionet" in modern conditions reflects a whole range of relationships. The most important component of social responsibility is the contribution of 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 fulfills all environmental and environmental requirements, as well as industrial safety requirements of Russian legislation.

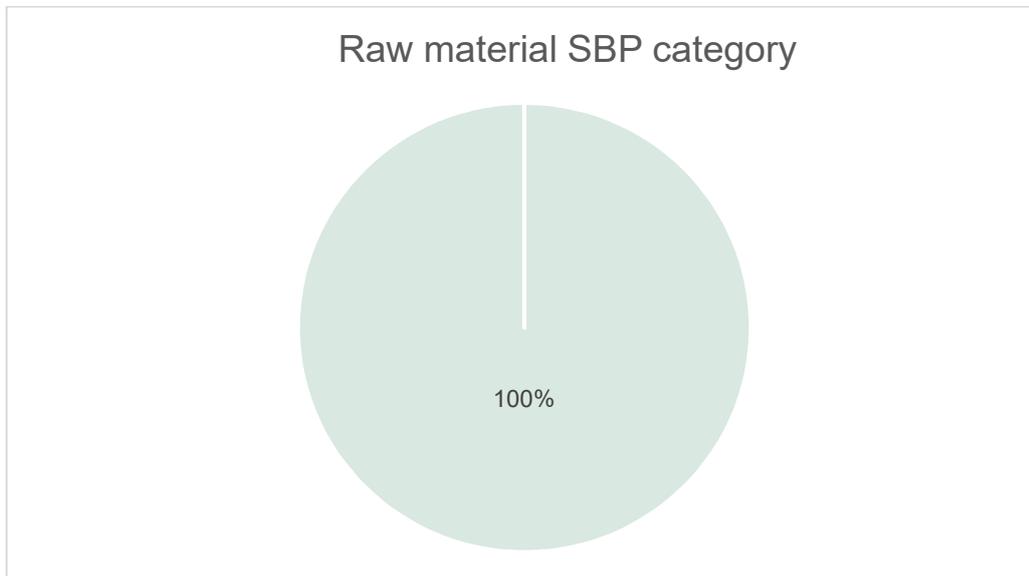
2.2 Actions taken to promote certification amongst feedstock supplier

Not applicable. JSC "Bionet" uses only its own raw materials with FSC application.

2.3 Final harvest sampling programme

Not applicable, since only secondary raw materials are used in production.

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



SBP-compliant Post-consumer tertiary feedstock

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 28,1 ha
- b. Tenure by type (ha): 28,1 hectares of state property
- c. Forest by type (ha): *Not applicable*
- d. Forest by management type (ha): *Not applicable*
- e. Certified forest by scheme (ha): *Not applicable*

Feedstock

- f. Total volume of Feedstock: 4,5 million tons
- g. Volume of primary feedstock: 0 tons
- h. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme – 0%
 - Not certified to an SBP-approved Forest Management Scheme – 0%
- i. List all species in primary feedstock, including scientific name – *Not applicable*
- j. Volume of primary feedstock from primary forest – 0 tons
- 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 - 0%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%

- l. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. – 0%
- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. – 4,5 million tons

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Not applicable, since SBP, the corresponding secondary raw material, is used for biomass production.

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

The report was prepared with the joint participation of employees of JSC "Bionet". Due to the fact that the raw material (lignin) was not previously used in pellet production, an expert assessment was not carried out.

The company has passed technical audits and has reports from international technical consultants such as Poyry Rus LLC (peuru Rus LLC) and Vision Hunters Ltd Oy (Finland)

11.2 Public or additional reviews

The report is published on the website of JSC "Bionet" for public review.

All interested parties can send their feedback to the following email address: info@bionet-pellets.ru marked SBP.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Olga Levsha</i> 	<i>Responsible for SBP certification, head of contract Department</i>	<i>30/09/2020</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>Pyshnyi Vyacheslav</i> 	<i>CEO</i>	<i>30/09/2020</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

31 847,20 tons of lignin in the last 3 months

13.5 Projected figures for feedstock over the next 12 months

296 100 tons of lignin