

# Supply Base Report: Ustyanskiy Timber Industry Complex LLC

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## Completed in accordance with the Supply Base Report Template Version 1.2

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# Contents

|           |  |           |
|-----------|--|-----------|
| <b>1</b>  | <b>Overview</b> .....  | <b>1</b>  |
| <b>2</b>  | <b>Description of the Supply Base</b> .....                              | <b>2</b>  |
| 2.1       | General description .....  | 2         |
| 2.2       | Actions taken to promote certification amongst feedstock supplier .....  | 3         |
| 2.3       | Final harvest sampling programme .....                                   | 4         |
| 2.4       | Flow diagram of feedstock inputs showing feedstock type [optional] ..... | 4         |
| 2.5       | Quantification of the Supply Base .....                                  | 4         |
| <b>3</b>  | <b>Requirement for a Supply Base Evaluation</b> .....                    | <b>5</b>  |
| <b>4</b>  | <b>Supply Base Evaluation</b> .....                                      | <b>6</b>  |
| 4.1       | Scope .....  | 6         |
| 4.2       | Justification .....  | 6         |
| 4.3       | Results of Risk Assessment .....   | 6         |
| 4.4       | Results of Supplier Verification Programme .....                         | 6         |
| 4.5       | Conclusion .....   | 6         |
| <b>5</b>  | <b>Supply Base Evaluation Process</b> .....                              | <b>7</b>  |
| <b>6</b>  | <b>Stakeholder Consultation</b> .....                                    | <b>8</b>  |
| 6.1       | Response to stakeholder comments .....                                   | 8         |
| <b>7</b>  | <b>Overview of Initial Assessment of Risk</b> .....                      | <b>9</b>  |
| <b>8</b>  | <b>Supplier Verification Programme</b> .....                             | <b>10</b> |
| 8.1       | Description of the Supplier Verification Programme .....                 | 10        |
| 8.2       | Site visits .....  | 10        |
| 8.3       | Conclusions from the Supplier Verification Programme .....               | 10        |
| <b>9</b>  | <b>Mitigation Measures</b> .....   | <b>11</b> |
| 9.1       | Mitigation measures .....  | 11        |
| 9.2       | Monitoring and outcomes .....  | 11        |
| <b>10</b> | <b>Detailed Findings for Indicators</b> .....                            | <b>12</b> |
| <b>11</b> | <b>Review of Report</b> .....  | <b>13</b> |
| 11.1      | Peer review .....  | 13        |
| 11.2      | Public or additional reviews .....                                       | 14        |
| <b>12</b> | <b>Approval of Report</b> .....  | <b>15</b> |

|           |  |           |
|-----------|--|-----------|
| <b>13</b> | <b>Updates</b> .....   | <b>16</b> |
| 13.1      | Significant changes in the Supply Base .....                   | 16        |
| 13.2      | Effectiveness of previous mitigation measures .....            | 16        |
| 13.3      | New risk ratings and mitigation measures .....                 | 16        |
| 13.4      | Actual figures for feedstock over the previous 12 months ..... | 16        |
| 13.5      | Projected figures for feedstock over the next 12 months .....  | 16        |

# 1 Overview

**Producer name:** Ustyanskiy Timber Industry Complex LLC  
**Producer location:** Kostylevo, 165210, Ustyanskiy area, Arkhangelsk region, Russia  
**Geographic position:** 61.079120'N, 43.278808'E  
**Primary contact:** Ivan Petrov, Kostylevo, 165210, Ustyanskiy area, Arkhangelsk region, Russia, tel.: +79210887264, ulkpog@mail.ru  
**Company website:** <http://ulkust.ru>  
**Date report finalised:** 18/Apr/2018  
**Close of last CB audit:** 24/Apr/2018, Kostylevo  
**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:** <http://www.sbp-cert.org/documents>  
**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      |
| <b>X</b>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## 2 Description of the Supply Base

### 2.1 General description

The total area of forest lands on the territory of the Russian Federation is 764 million ha. which is approximately 21% of the world's standing stock. Coniferous species account for 68.4%. Hardwood - 2.4%, -softwood - 19.3%. Other tree species are less than 1% of forests.

In accordance with the legislation of the Russian Federation all lands of the forest fund are in state ownership. Legal entities receive forest plots for use on lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration;
- to provide annual forest declaration;
- to issue a forest exploitation project;
- to provide a report on the forests use, their conservation, protection and regeneration.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. All reforestation activities in leased forest out are planned and carried out by forest users on their own expense in accordance with forest management projects.

The forest complex of the Russian Federation, including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy.

The forest industry in Russia is one of the leaders in terms of the number of employed people, as well as the level of tax deductions to all levels of the budget.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is over 48 mln. ha. or 33% of the total number of forest under lease. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of wood harvested and compliance with environmental and social requirements.

The supply base of Ustyanskiy Timber Industry Complex LLC is the total area of the forest fund of the Arkhangelsk and Vologda regions and rental base of two FSC certified suppliers, also Arkhangelsk and Vologda regions. The CG "ULK" (the Group of companies, owing Ustyanskiy Timber Industry Complex LLC) has FSC certificate (NC-FM / COC-014108) for forest management and is a responsible forest user.

Company use wood species in pellet production (pine and spruce) which not belong to species listed to CITES and IUCN.

Ustyanskiy Timber Industry Complex LLC is located in the south of the Arkhangelsk Region, in the middle taiga zone, in the vicinity of Oktyabrskiy and Severnaya railway.

Forest management is based on achievement of inexhaustible sustainable use of forest resources according to the requirements of forest laws and forest certification principles, if applicable. Rotation period is 60-120 years. One or two thinnings and clear-cuts of mature forest with forest regeneration are made during rotation period. Seedlings planting or natural forest regeneration can be used for forest regeneration. Inexhaustible use of forest resources is also implemented. Inexhaustible use of forest resources is based on 15 – 20-year cycle of harvesting with selective harvesting and viable young growth retaining.

Intact forests and wetlands of international importance are located at the territory of Russia. Small- numbered indigenous nations live here. So in order to minimize the risk of wood of unknown origin, Ustyanskiy Timber Industry Complex LLC processes only wood from FSC certified forests in pellet production.

The ULK Group of Companies is one of the largest logging and processing companies in the Arkhangelsk Region. The annual volume of incoming raw material (sawlogs) to the plant Ustyanskiy Timber Industry Complex LLC is 1400 thousand m<sup>3</sup>.

The group of companies "ULK" has a huge socio-economic importance in the Ustyanskiy district and the Arkhangelsk region. The enterprise renders financial and material support to socio-cultural facilities and organizations, sports and health facilities, is engaged in repair and construction of the district roads.

Table 1 - Overview of the SBP product groups proportions.

| SBP product group                 | Share in the whole supply during reporting period | Number of suppliers | Tree species composition   |
|-----------------------------------|---|---------------------|--|
| Controlled feedstock              | 0 %   |                     |  |
| SBP- compliant primary feedstock  | 0 %   |                     |  |
| SBP-compliant secondary feedstock | 100 %   | 1                   | Scots pine ( <i>Pinus sylvestris</i> ), Norway spruce ( <i>Picea abies</i> ) |
| SBP- compliant tertiary feedstock | 0 %   |                     |  |
| Non-SBP feedstock                 | 0 %   |                     |  |

## 2.2 Actions taken to promote certification amongst feedstock supplier

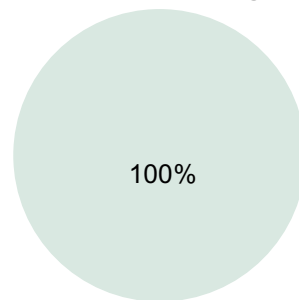
For the pellets production, there is enough secondary feedstock - residue of own sawmilling, so the company does not purchase feedstock from third-party suppliers and does not take actions to certification of other loggers.

## 2.3 Final harvest sampling programme

Not applicable, because Secondary feedstock is used for the pellet production.

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

**SBP feedstock categories**



SBP-compliant secondary feedstock

## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area (ha): **3984755,32 ha**
- b. Tenure by type (ha): **3984755,32 ha public**
- c. Forest by type (ha): **3984755,32 ha boreal**
- d. Forest by management type (ha): **3984755,32 ha managed natural**
- e. Certified forest by scheme (ha): **3984755,32 hectares of FSC-certified forest**

### Feedstock

- f. Total volume of Feedstock: 360 000 m<sup>3</sup>/year (estimated value)
- g. Volume of primary feedstock: 0 m<sup>3</sup>
- h. List percentage of primary feedstock (g), by the following categories:
  - Certified to an SBP-approved Forest Management Scheme: 0 m<sup>3</sup>
  - Not certified to an SBP-approved Forest Management Scheme: 0 m<sup>3</sup>
- i. List all species in primary feedstock, including scientific name: n/a
- j. Volume of primary feedstock from primary forest: 0 m<sup>3</sup>
- 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 m<sup>3</sup>
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 0 m<sup>3</sup>
- l. Volume of secondary feedstock: 360 000 m<sup>3</sup> – sawdust per year (estimated value)
- m. Volume of tertiary feedstock: 0 m<sup>3</sup>



### 3 Requirement for a Supply Base Evaluation

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

In the production of SBP pellets, secondary feedstock with FSC 100% claim is used. Supply base evaluation is not required.

## 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 Supply Base Report was sent for review to the expert of the Kirov Forest Certification Center Nadezhda Mikhailovna Efimova.

Suggestions and comments on the Report on the Resource Base of the producer of biomass, LLC "Ustyansky TIC»

(Kostylevo, Ustyansky district, Arkhangelsk region)

1. On the first page of the Report should remove the words "Template for biomass producer" and insert the name of the company that has prepared the report - " Ustyansky Timber Industry Complex LLC »

2. In the section 2.1 " General description "it is written that "Resource base of LLC Ustyansky TIS is the total area of Forest Fund of the Arkhangelsk and Vologda regions. The total area of the Forest Fund of the Arkhangelsk region is 28.5 million hectares, Vologda is 11.7 million hectares."

From this text it can be concluded that the whole territory of the Arkhangelsk and Vologda regions is in the lease of the enterprise, because the text below Indicates that "the raw material for the production of pellets is used only from its own logging."

In order to avoid misunderstanding, in this section it is necessary to indicate, which volumes of forest resources are in own rent of the enterprise (group of the enterprises), annual volume of forest use in the rented certified woodlands (allowable cut), what their species composition and also it is necessary to note that the enterprise has the FSC certificate of the forest management and supply chain and it is the responsible forest user (to specify certificate number) – after all this Forest Fund is the resource base of the enterprise.

3. In the section 2.2 " actions Taken to promote certification among providers of raw materials "it is better to write" it is not applicable", that "for the production of pellets of the recycled raw materials wastes of own sawing is enough that's why therefore the enterprise doesn't buy the raw materials from the third-party providers and doesn't take actions to certification of other loggers" instead of words "it is not applicable".

4. In the section 2.3 "the program of determination of the share of the wood which is received from the final felling " to delete the words "biomass" and "the recycled wood", noting that the FSC-certified waste of own sawmilling is used (or as option: the recycled certified raw materials) for the production of pellets.

5. The section 2.5 "Quantitative determination of the resource base", paragraph the " Resource base" is incorrect, as it must indicate the data on the certified lease of the enterprise, but not on the certified forests of the Russian Federation, and also in the paragraph" Raw materials " it is necessary to specify for what accounting period the data are given.

Conclusion: the submitted Report meets the requirements of the SBP For the report On the resource Base of the biomass producer, however, to submit the Report to the public it is recommended to eliminate the above comments.

Efimova N. M, the expert on forest certification of the Kirov center.

15 April 2018

All comments made by the expert are taken into account and corresponding changes and additions are made in the Supply Base Report (the review is attached).

## 11.2 Public or additional reviews

Supply base report of Ustyansky LPK LLC will be posted on the website <http://ulkust.ru/> /. Questions and comments can be sent to e-mail [ulkpog@mail.ru](mailto:ulkpog@mail.ru) .

## 12 Approval of Report

| Approval of Supply Base Report by senior management   |                          |  |                    |
|---|--------------------------|--|--------------------|
| Report Prepared by:   | <i>Ivan Petrov</i>       | <i>Deputy general director on sales and logistics, SBP manager</i> | <i>18.04.2018.</i> |
|   | <b>Name</b>              | <b>Title</b>   | <b>Date</b>        |
| <p>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.</p> |                          |  |                    |
| Report approved by:   | <i>Evgeniy Prozherin</i> | <i>General director</i>  | <i>18.04.2018.</i> |
|   | <b>Name</b>              | <b>Title</b>   | <b>Date</b>        |

## 13 Updates

Not applicable.

### 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

360 000 m<sup>3</sup>.

### 13.5 Projected figures for feedstock over the next 12 months

360 000 m<sup>3</sup>.