

Supply Base Report: Svir Pellets LLC

First Surveillance Audit

www.sbp-cert.org



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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

© Copyright The Sustainable Biomass Partnership Limited 2016

Contents

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

13	Updates	15
13.1	Significant changes in the Supply Base.....	15
13.2	Effectiveness of previous mitigation measures.....	15
13.3	New risk ratings and mitigation measures	15
13.4	Actual figures for feedstock over the previous 12 months	15
13.5	Projected figures for feedstock over the next 12 months.....	15

1 Overview

Producer name: Svir Pellets LLC
Producer location: 187780, Leningrad region, Podporozhye, Fizkulturnaya Street 34

Geographic position: 60.923052, 34.146406
Primary contact: Gorshkov Aleksandr, 187780, Leningrad region, Podporozhye, Fizkulturnaya Street 34, +7(931)2030655, sm@svirpellets.com
Company website: <http://svirpellets.com>
Date report finalised: 01/Nov/2018
Close of last CB audit: 17/Dec/2018, Podporozhye
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; Instruction documents 5A, 5B, 5C, 5D version 1.1.
Weblink to Standard(s) used: <https://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
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Svir Pellets LLC is a big biomass producer located in Leningrad region, Podporozhye.

For SBP certified biomass production Svir Pellets LLC buys FSC certified feedstock from two suppliers, who in turn purchase raw materials (certified as well as controlled) from suppliers from different regions of the Russian Federation. In connection with the above fact and also the fact that the geography of deliveries is constantly expanding Svir Pellets LLC gives the description of the supply base for Russia in general.

Officially the total area of forest land on the territory of the Russian Federation is 764 million hectares, which is about the fifth part of world reserves of standing timber. Forests cover less than half of the area of the Russian Federation. Forests are mainly boreal. The main wood species are larch, pine, spruce, birch, aspen. Areas occupied by the main wood species plantations remain rather stable within last decades. About $\frac{3}{4}$ of the forested area are conifers. The total reserve of the wood in the forests located on forest fund land is 80 billion m³.

In accordance with the legislation of the Russian Federation, the Russian forest fund is state ownership. Legal entities can acquire forest concessions for a period of 10 to 49 years (with the right to prolong the 'lease' contract). Long-term concessions of 49 years are the prevailing basis for obtaining the right to harvest wood on stem. These lease contracts or contracts for the purchase of individual forest stands become available by means of auctions. Leased forest concessions must undergo a cadastral registration procedure.

The Russian Forest Code obliges each forest leaser to develop a forest management plan for 10 years (on base of a general forest inventory and forestry plan), implement measures to protect, preserve and reproduce forests and every year provide an annual forest declaration where the carried-out measures and harvested volumes are reported.

High conservation value forests (HCVF) were identified within the supply base. FSC-certified enterprises comply with moratorium on logging in these forest areas, that's why does not enter SBP chain of custody.

Within the Supply base forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation, and, if relevant, the principles of FSC forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. For this purpose, the Forest Management plan is being developed, the activities in which are aimed at improving the silvicultural characteristics of the forest area, the implementation of continuous and sustainable forest management.

Forest users also plan and implement a set of fire prevention measures aimed at preventing and reducing the effects of forest fires in the summer.

According to forest legislation, Red listed species as well as their habitats, must be preserved when timber is harvested. It is prohibited to cut protected tree species.

Traditionally in Russia softwood is harvested. However for the pellets production hardwood is a substantial part of feedstock.

Svir Pellets LLC uses only the following breeds of trees for production of pellets:

- spruce (*Picea abies*) - about 68%,
- pine (*Pinus sylvestris*) - about 32%.

These species used for the production of pellets do not fall under the CITES Convention and are not included in the lists of The International Union for Conservation of Nature (IUCN).

Forest complex of the Russian Federation including the forestry and forest industry of harvesting and wood handling occupies an important place in the economy of the country. Products of forest complex are widely used in many industries, construction, agriculture, printing, trade and medicine. The forest complex of the Russian Federation employs about 60 thousand of large, medium and small enterprises in all regions of the country. The share of the forestry sector accounts 1.3% of GDP. The total number of employees in the forest complex of Russia is about 1 million people. From the total production of forest complex of the Russian Federation about 60% products are for the domestic market and 40% - for export.

Thus, the abundant forest resources of the Russian Federation as well as the North-West region in particular, proximity to foreign and domestic markets of forest products determined the appearance of not only large timber production, but also production structures of small and medium businesses, one of which is a plant for the production of wood pellets, Svir Pellets LLC. Today pellet plant is one of the 20 largest Russian producers and exporters of wood pellets. The geography of deliveries is whole Europe and Scandinavia.

An overview of feedstock proportions of SBP groups of products:

<i>SBP group of products</i>	<i>Percentage of general supplies in the reporting period</i>	<i>Number of suppliers</i>	<i>Species composition</i>
<i>Controlled feedstock</i>	%		
<i>SBP-compliant primary feedstock</i>	%		
<i>SBP-compliant secondary feedstock</i>	48%	2	<i>Spruce (Picea abies)</i>
<i>SBP-compliant tertiary feedstock</i>	%		
<i>SBP-noncompliant feedstock</i>	%		
<i>Noncertified feedstock</i>	52%	5	<i>Spruce, pine (Picea abies, Pinus sylvestris)</i>

Non-certified raw materials (sawdust) and biomass (pellets) are physically separated during production and storage from FSC certified.

2.2 Actions taken to promote certification amongst feedstock supplier

Svir Pellets LLC understands the importance of FSC, SBP certification and is actively promoting this idea among its suppliers.

2.3 Final harvest sampling programme

The turnover of felling in boreal forests is more than 60 years. Almost all felling carried out in these forests is continuous (not selective). In certified forests, the area of clear cuttings is slightly smaller (95%) than in non-certified forests (99%). At the same time, wood harvesting for the purpose of biomass production is not performed in any cases. The volume of waste wood used in the production of biomass amounted to 125 000 m³ or 0.06% of 212.4 million m³ of wood harvested in Russia in 2017.

2.4 Flow diagram of feedstock inputs showing feedstock type

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 764 million ha;
- b. Tenure by type (ha): 100% Government, 764 million ha;
- c. Forest by type (ha): 764 million ha - boreal;
- d. Forest by management type (ha): 764 million ha managed natural;
- e. Certified forest by scheme (ha): 43,5 million ha FSC certified forests.

Feedstock

- f. Total volume of Feedstock: 125 000 m³;
- g. Volume of primary feedstock: not applicable;
- h. List percentage of primary feedstock: not applicable;
- i. List all species in primary feedstock, including scientific name: not applicable;
- j. Volume of primary feedstock from primary forest: not applicable;
- k. List percentage of primary feedstock from primary forest: not applicable;
- l. Volume of secondary feedstock: 98 000 m³ (sawdust), 27 000 m³ (slab) - taking into account the production of non-certified pellets
- m. Volume of tertiary feedstock: not applicable.

3 Requirement for a Supply Base Evaluation

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

Supply base evaluation is not required because only certified feedstock with FSC Mix Credit claim will be used for SBP-certified pellets 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

No expert evaluation was conducted.

11.2 Public or additional reviews

Russian and English versions of the report are posted on the company website <http://svirpellets.com> for public consultation of all stakeholders. After reviewing all the parties concerned can send their feedback, comments and suggestions, if any, to the company address sm@svirpellets.com. All comments and suggestions will be taken into consideration by the biomass producer.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Presnyakov Aleksandr</i>	<i>Sales manager</i>	<i>01/11/2018</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>Gorshkov Aleksandr</i>	<i>CEO</i>	<i>01/11/2018</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

There are no significant changes in the resource base report, as the area of the resource base has not changed.

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

125 000 m³

13.5 Projected figures for feedstock over the next 12 months

140 000 m³