

SBP

Sustainable Biomass Partnership

Supply Base Report: Svir Pellets 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

Document history

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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	4
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
3	Requirement for a Supply Base Evaluation	6
4	Supply Base Evaluation	7
4.1	Scope	7
4.2	Justification	7
4.3	Results of Risk Assessment	7
4.4	Results of Supplier Verification Programme	7
4.5	Conclusion	7
5	Supply Base Evaluation Process	8
6	Stakeholder Consultation	9
6.1	Response to stakeholder comments	9
7	Overview of Initial Assessment of Risk	10
8	Supplier Verification Programme	11
8.1	Description of the Supplier Verification Programme	11
8.2	Site visits	11
8.3	Conclusions from the Supplier Verification Programme	11
9	Mitigation Measures	12
9.1	Mitigation measures	12
9.2	Monitoring and outcomes	12
10	Detailed Findings for Indicators	13
11	Review of Report	14
11.1	Peer review	14
11.2	Public or additional reviews	14
12	Approval of Report	15

13	Updates	16
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: 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/2017
Close of last CB audit: 07/Nov/2017, 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

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.

The total area of forest land on the territory of the Russian Federation is 764 million hectares, accounting for about 21% of world reserves of standing timber. Forests cover 46.6% of the area of the Russian Federation, which is 1183.3 million hectares. 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. Coniferous species form 68.4%, hardwood species - 2,4%, softwood - 19,3%. Other wood species - less than 1% of the forests. The total reserve of the wood in the forests located on forest fund land is 80 billion m³.

In accordance with Russian legislation all forest fund lands are state property. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forests using. The lease term may continue from 10 to 49 years. The using of forests as an entrepreneurial activity can be given to entities registered in the territory of the Russian Federation as a legal entity or individual entrepreneur (in accordance with the legislation of the Russian Federation). Entering into the lease agreement or sale contract of forest plantations is carried out at the auction for the selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a forest land on lease is obliged:

- to carry out the activities on protection and reproduction of forests;
- to provide annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.

Allowable wood-cutting area in the Russian Federation is about 660 million m³, including softwood - 370 million m³. Using the allowable wood-cutting area does not exceed 35% of the country territory. According to Rosleskhoz (Russian Forestry) data the total recourses of increased volumes of cutting with the aim of cutting within the country is about 400 million m³ per year. High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All reforestation activities in leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest management projects. The main way of reforestation in the Russian Federation is the procurement of natural regeneration. Artificial reforestation is carried out by creating forest plantations: planting or seeding of forest plants in the region of the supply base where active wood-cutting is taking place. As well all forest users plan and implement a set of fire-prevention measures aimed at preventing and reducing the after-effects of forest fires in the summer period.

According to the forest legislation of the Russian Federation the species listed in the Red Book shall be preserved as well as their habitats when harvesting. Felling of valuable, endangered and protected species of trees is prohibited.

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

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; 3.7% of the total industrial output, 2.4% of foreign profits in the scale of the Russian Federation. 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 10 largest Russian producers and exporters of wood pellets. The geography of deliveries is whole Europe and Scandinavia.

The largest part of the supply base are coniferous forests (spruce, pine) that do not belong to woody species CITES or IUCN.

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>36%</i>	<i>3</i>	<i>Spruce, pine (Picea abies, Pinus sylvestris)</i>
<i>SBP-compliant primary feedstock</i>	<i>%</i>		
<i>SBP-compliant secondary feedstock</i>	<i>27%</i>	<i>2</i>	<i>Spruce (Picea abies)</i>
<i>SBP-compliant tertiary feedstock</i>	<i>%</i>		
<i>SBP-noncompliant feedstock</i>	<i>%</i>		
<i>Noncertified feedstock</i>	<i>37%</i>	<i>5</i>	<i>Spruce, pine (Picea abies, Pinus sylvestris)</i>

2.2 Actions taken to promote certification amongst feedstock supplier

Svir Pellets LLC processes wood received from FSC certified suppliers for the production of SBP pellets. The presence of the supplier's FSC-FM certification testifies to its high degree of responsibility in the management of forest activities, compliance with all the criteria of FSC, exclusion of possibility of the supply of illegally logged timber and wood harvested in violation of the principles of the FSC. This is confirmed during annual audits of suppliers by the certification authorities that issued the FSC-certificate. In accordance with the Forest Code of the Russian Federation the General responsibilities of the forest user are:

- citizens' health and environment damage prevention;
- soil erosion, detrimental effect on forest regeneration prevention;
- compliance with fire safety regulations;
- implementation of reforestation activities;
- violation of rights of other forest users and locals prevention.

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

Not applicable, because certified secondary feedstock is used for pellets production.

2.4 Flow diagram of feedstock inputs showing feedstock type

2.5 Quantification of the Supply Base

Supply Base

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

Feedstock

- Total volume of Feedstock: 117 000 m³;
- Volume of primary feedstock: not applicable;
- List percentage of primary feedstock: not applicable;
- List all species in primary feedstock, including scientific name: not applicable;
- Volume of primary feedstock from primary forest: not applicable;
- List percentage of primary feedstock from primary forest: not applicable;

- l. Volume of secondary feedstock: 37 000 m3 (chips), 68 000 m3 (sawdust), 12 000 m3 (slab)
- 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

The supply base report was sent for review to the expert of the Kirov forest certification center Efimova N. M. (review attached).

Before posting the supply base report on the company's website all submitted comments have been eliminated.

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>01/11/2017</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>01/11/2017</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

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

117 000 m³

13.5 Projected figures for feedstock over the next 12 months

200 000 m³