



Supply Base Report: Harovsklesprom LLC

Second Surveillance Audit

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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

Producer name: Harovsklesprom LLC

Producer location: 162251, Krasnoye Znamya str., 25, Harovsk, Vologda region, Russia,

Geographic position: 59.970243 N 40.196225 E

Primary contact: Natalya Khoroshun, 160009, Zosimovskaya str., 107, Vologda, Vologda region, Russia, tel: +79115082144, n.khoroshun@volwood.ru

Company website: www.volwood.ru

Date report finalised: 17/Dec/2020

Close of last CB audit: 17/Dec/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, Instruction Document 5E version 1.1

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
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

The supply base of Harovsklesprom LLC is the forest fund area of the Vologda region, the Komi Republic, the Arkhangelsk region, the Nizhegorod region, the Yaroslavl region and the Kostroma region. In practice, round wood for processing into lumber and production of SBP-certified pellets from sawing residues originates from 6 certified suppliers belonging to the same group of companies as Harovsklesprom LLC, Company Group Vologodskiye Lesopromishlenniki JSC, and 6 certified third-party suppliers, as well as 22 suppliers supplying controlled wood.

FSC certified suppliers supply wood from 52 FSC-certified forest fund leased areas (lease agreements with the regional forest authorities), including 58 FSC-certified forest management units.

22 suppliers supply controlled wood from 60 forest fund leased areas, which include 60 controlled forest management units. Since supply contracts change over time, the supply base is defined as the entire forest fund of the specified regions.

About 73% of the wood processed by the company is FSC-certified. For the production of SBP pellets, SBP-compliant secondary feedstock and SBP-controlled secondary feedstock (sawdust) is used, as well as FSC-certified and FSC-controlled bark and dry chips as wood processing residue, are used for heat production.

Harovsklesprom LLC is located in the city of Harovsk, in the Vologda region, in the north-west of the Russian Federation. The main activities are lumbering and lumber production. The company processes about 500 thousand m³ of roundwood per year. For the production of pellets Harovsklesprom LLC uses only sawdust (residue of its own production of lumber).

Harovsklesprom LLC is one of the largest wood processing enterprises in the Vologda region. The company employs over 322 people. However, in comparison with large pulp and paper mills located within the Resource Base, Harovsklesprom LLC is a much smaller woodworking enterprise.

The supply base is partially located in the North-West Federal District of the Russian Federation, in one of the most forested regions of the country. The rest of the supply Base is located in the central region of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of wood on stem. The distribution of the main tree species in Russian forests has remained stable over the past decades.

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 for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development project for 10 years (based on taxation and forest management), implement measures for the conservation, protection and reproduction of forests, and each year submit a forest declaration containing a report on the implemented measures and logging volumes.

The Vologda Oblast, the Komi Republic, the Arkhangelsk Oblast, the Nizhegorod Oblast, and the Kostroma Oblast are among the leading forest regions of Russia. The total forest area of the supply Base is 79,08 million hectares. In protective forests located along lakes, marshes and other environmentally sensitive objects, a more strict control regime is applied. The share of mature and overmature forest stands is about 3/4 of the

wood stock. Conifers make up more than 80%. Within the supply Base, the annual allowable cut is not fully harvested. Underdeveloped infrastructure does not allow full use of available timber reserves.

Within the supply base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises, incl. and Harovsklesprom LLC, comply with moratorium on logging in these forest areas.

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 the principles of 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.

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. Prohibited cutting of valuable, endangered and specially protected species of trees. The cedar (Siberian) pine (*Pinus sibirica*), two species of willow (*Salix arbuscula* and *Salix recurvigemmis*), Siberian fir (*Abies sibirica*), Siberian larch (*Larix Sibirica*), black oak (*Quercus robur*), the mountain elm (*Ulmus glabra*) are listed in the Red Book of the Supply Base regions. These tree species are not allowed to be harvested, nor have companies downstream the right to purchase them.

Harovsklesprom LLC uses only the following tree species for the production of pellets:

- Norway spruce (*Picea abies*) - about 76%,
- Scotch pine (*Pinus sylvestris*) - about 23%.

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

The forest industry is one of the leading sectors of the economy in the regions of the supply base. The development of the social sphere (health care, education, culture) largely depends on the success of forestry. In many cases, the presence of a woodworking enterprise is critical for the existence of a whole village or city.

The socio-economic importance of the forest industry in the Northwest is also high. Industry provides employment in rural areas and is important for its well-being..

2.2 Actions taken to promote certification amongst feedstock supplier

Harovsklesprom LLC controls non-certified suppliers. To do this, suppliers are required to provide documents on the wood legality. Suppliers understand that this is a great effort. As an alternative - the supplier is invited to receive its own FSC certificate.

2.3 Final harvest sampling programme

Not applicable.

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

2.5 of the Supply Base

Supply Base

- a. a. Total Supply Base area (ha): **79,08 mln. ha**
- b. Tenure by type (ha): **79,08 mln. ha**, public
- c. Forest by type (ha): **79,08 mln. ha**, boreal
- d. Forest by management type (ha): **79,08 mln. ha**, managed natural
- e. Certified forest by scheme (ha): **19,07 mln. ha**, FSC-certified

Feedstock

- f. Total volume of Feedstock: 63272,09 **solid m³**
- g. Volume of primary feedstock: not used
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - a. Certified to an SBP-approved Forest Management Scheme - not applicable
 - b. Not certified to an SBP-approved Forest Management Scheme - 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 (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - a. Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme - not applicable
 - b. Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - not applicable
- l. Volume of secondary feedstock: **63272,09 solid m³** of sawdust per year (actual value)
- 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"/>

In the production of SBP pellets, FSC Mix Credit and FSC Controlled Wood categories of secondary feedstock are 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

Expert review was not conducted

11.2 Public or additional reviews

The report has been posted on the website of Harovsklesprom LLC for public review www.volwood.ru.

Feedback can be sent to n.khoroshun@volwood.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>N. Khoroshun</i>	<i>SBP Certification responsible</i>	<i>17.12.2020</i>
	Name	Title	Date
<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>V. Zaharov</i>	<i>Managing director</i>	<i>17.12.2020</i>
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

During the reporting period, the following changes occurred: there were no deliveries from the Kirov and Yaroslavl regions, and deliveries from the Nizhny Novgorod region of the Varnavinsky forest district began.

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

63272,09 solid m³ of used feedstock (sawdust).

13.5 Projected figures for feedstock over the next 12 months

95 000 solid m³ of secondary feedstock (sawdust).