



Supply Base Report: Svir Pellets LLC

Third 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

Document history

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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/Oct/2020

Close of last CB audit: 19/Oct/2020, Podporozhye

Name of CB: NEPCon OU

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 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 the East of the Leningrad region, Podporozhye.

The Supply Base of Svir Pellets LLC is the area of the forest fund of the Leningrad, Vologda regions and the Republic of Karelia.

For the production of SBP certified biomass Svir Pellets LLC uses only FSC certified secondary feedstock (sawdust) from one supplier as well as feedstock from its own production of sawn timber.

The Supply Base of Svir Pellets LLC is located in one of the most forested regions of the country - the North-West Federal District of the Russian Federation. Officially, the forest territory of the Russian Federation accounts for about 21% of the global stock of standing timber. Softwood species constitute 78%, hardwood - 22%.

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.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for forest use. All reforestation work on leased forest areas is planned and carried out by forest users at their own expense in accordance with forest managements projects.

The forest complex of the Russian Federation, which includes forestry and timber processing industries, occupies an important place in the country's economy. The products of the forest complex are widely used in many industries, such as construction, agriculture, printing, trade, and medicine. The Russian forest sector employs about 60 thousand large, medium and small enterprises in all regions of the country.

The Republic of Karelia, Leningrad and Vologda regions are among the leading forest regions of Russia. The share of mature and overmature forest stands is about 3/4 of the timber stock. In protective forests located along lakes, swamps and other environmentally sensitive objects, a more strict control regime is applied. Within the Supply Base, the calculated cutting area is not fully developed. Underdeveloped infrastructure does not allow full use of available timber stocks.

Within the Supply Base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises observe a moratorium on timber harvesting in these forest areas. On the territory of the Supply Base there are intact forests and wetlands of international importance.

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. When harvesting wood, according to the forest legislation, species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited.

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

- spruce (*Picea abies*) - about 78%,
- pine (*Pinus sylvestris*) - about 22%.

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).

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>%</i>		
<i>SBP-compliant primary feedstock</i>	<i>19%</i>	<i>1</i>	<i>Spruce, pine, aspen, birch (Picea abies, Pinus sylvestris, Populus tremula, betula pendula)</i>
<i>SBP-compliant secondary feedstock</i>	<i>64%</i>	<i>1+feedstock from its own sawn timber production</i>	<i>Spruce, pine (Picea abies, Pinus sylvestris)</i>
<i>SBP-compliant tertiary feedstock</i>	<i>%</i>		
<i>SBP-noncompliant feedstock</i>	<i>%</i>		
<i>Noncertified feedstock</i>	<i>17%</i>	<i>8</i>	<i>Spruce, pine (Picea abies, Pinus sylvestris)</i>

Primary feedstock is used only for the production of non-certified pellets, as well as as biofuels. Non-certified feedstock and biomass (pellets) are physically separated during production and storage from FSC certified ones.

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 109 000 m³ or 0.05% of 219 million m³ of wood harvested in Russia in 2019.

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

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 31,7 million ha;
- b. Tenure by type (ha): 100% Government, 31,7 million ha;
- c. Forest by type (ha): 31,7 million ha - boreal;
- d. Forest by management type (ha): 31,7 million ha managed natural;
- e. Certified forest by scheme (ha): 11 475 700 ha FSC certified forests.

Feedstock

- f. Total volume of Feedstock: 21876,31 tonnes
- g. Volume of primary feedstock: 6478,535 tonnes
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme - 5802,683 tonnes
 - Not certified to an SBP-approved Forest Management Scheme – 675,852 tonnes
- i. List all species in primary feedstock, including scientific name: Spruce, pine, aspen, birch (*Picea abies*, *Pinus sylvestris*, *Populus tremula*, *betula pendula*)
- 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:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme - 0 tonnes
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - 0 tonnes
- l. Volume of secondary feedstock: 11484,929 tonnes (sawdust), 1327,889 tonnes (chips), 2584,956 tonnes (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"/>	+

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>19/10/2020</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>Gorshkov Aleksandr</i>	<i>CEO</i>	<i>19/10/2020</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

21876,31 tonnes

13.5 Projected figures for feedstock over the next 12 months

27 000 tonnes