

SBP Supply Base Report GRANTOP-EXPORT LLC

Second 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

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1 Overview

Producer name: GRANTOP-EXPORT, limited liability company

Producer location: 162300, Vologda region, Verkhovazhskiy district, Kalichie village

Geographic position: N 60.668735 E 42.093840

Primary contact: Sinitsyn Aleksandr, Vologda, Cheluskintsev st., 32, office 37
+7-921-070-57-00 grantop35@yandex.ru

Company website: www.bio-teplo.com

Date report finalised: 07/Dec/2017

Close of last CB audit: 07/Dec/2017, Verkhovazhye

Name of CB: NEPCon

Translations from English: Yes

SBP Standard(s) used: Standard 2, 4 and 5 (Version 1.0: published 26 March 2015)

Weblink to Standard(s) used: <http://www.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
☐	☐	X	☐	☐

2 Description of the Supply Base

2.1 General description

“GRANTOP-EXPORT” LLC buys feedstock of three suppliers, who obtain FSC certificates. The suppliers in their turn buy feedstock (certified as well as controlled) from Republic of Komi, Arkhangelsk, Vologda, Kirov, Yaroslavl regions and other regions of Russia, so the description of the supply base is given nationwide.

The total area of forest lands in Russia is 764 mln. ha, accounting for about 21% of the world standing timber. Coniferous species makes up 68,4%, hard-wooded broadleaved species – 2,4%, soft-wooded broadleaved species – 19,3%. Other tree species makes up less than 1%.

In accordance with Russian legislation all forest lands are state owned. Legal entities can use forest areas in 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 provide annual forest declaration
- to provide a report on the forests use, their conservation, protection and regeneration.

High quality reproduction of forest resources and protective forestation is a prerequisite for forest management. All reforestation activities within leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest exploitation 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. About 60 000 of large-scale, medium-sized and small enterprises in all regions of the country are involved in Russian forest complex. The total number of employees in the forest complex of Russia is about 1 mln. people.

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 about 40 mln. ha, or 30% of the total number of leased forests. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies which indicates the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements

The supply base of “GRANTOP-EXPORT” LLC

The supply base of “GRANTOP-EXPORT” LLC is the total area of forest land of Russia on the whole. The total area of the supply base is 764 mln. ha.

Coniferous forests (pine, spruce), which are not included in CITES and international agreements on environment protection, form the most part of the supply base.

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 clearcut 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 in FSC Chain of Custody, "GRANTOP-EXPORT" LLC buys only FSC certified feedstock from FSC certified suppliers.

"GRANTOP-EXPORT" LLC works with three suppliers of FSC certified saw-milling waste. If "GRANTOP-EXPORT" LLC ramps up the production volume, it will use only FSC certified saw-milling waste. At the moment "GRANTOP-EXPORT" LLC receives feedstock with FSC Mix Credit claim from one supplier, and feedstock with FSC 100% claim – from the two supplier. This feedstock refers to the category - SBP-compliant feedstock.

Under current conditions "GRANTOP-EXPORT" LLC has an opportunity to produce pellets with SBP-compliant biomass claim. All supplied resources belong to the category of "SBP-compliant secondary feedstock". Sawdust, wood chips and bark for production and heat generation are used as feedstock.

"GRANTOP-EXPORT" LLC will be using only FSC certified wood chips for heat generation after audit. Proportion of the species of supplied resources is 70 % - pine (*Pinus sylvestris*), 30% - spruce (*Picea abies*). "GRANTOP-EXPORT" LLC is of a great socio-economic importance in Vologda region. The company is involved in charity events, provides financial support for sociocultural objects and organisations, sport organisations (rural settlements, schools, museums, churches, veterans' communities).

Forest industry in Russia is one of the leading industries speaking from the perspective of working population involved and the volume of tax deductions to all budget levels.

2.2 Actions taken to promote certification amongst feedstock supplier

In 2016 a great work on the staff training in accordance with FSC criteria was done. "GRANTOP-EXPORT" LLC was certified (FSC certificate FSC NC-COC-026273). The Production is carried out with the claim FSC Mix Credit.

"GRANTOP-EXPORT" LLC uses only FSC certified feedstock for production of FSC certified pellets. "GRANTOP-EXPORT" LLC buys FSC certified feedstock for higher price and it can encourage potential suppliers to gain FSC certification.

"GRANTOP-EXPORT" LLC hopes that this mutually beneficial and long-term cooperation with certified feedstock suppliers will become a good example of product promotion and sustainable forest use according to FSC principles for other companies.

2.3 Final harvest sampling programme

Not applicable, as saw-milling waste is used.

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

Not applicable

2.5 Quantification of the Supply Base

The supply base

- | | |
|--------------------------------------|--|
| a. Total supply base area (ha): | 764 mln. ha |
| b. Tenure by type (ha): | 764 mln. ha public owned by the Russian Federation |
| c. Forest by type (ha): | 764 mln. ha boreal |
| d. Forest by management type (ha): | 764 mln. ha managed natural |
| e. Certified forests by scheme (ha): | 43,5 mln. hectares of FSC-certified forest |

Feedstock

- f. Total volume of feedstock: 8617,8 m³
- g. Volume of primary feedstock: 0 m³
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP – approved Forest Management Scheme:
- Certified by SBP-approved Forest Management Scheme – 0%
 - Not certified by SBP-approved Forest Management Scheme – 0%

Not applicable. Only secondary feedstock (with claims FSC Mix Credit, FSC 100%) is used.

- i. List all species in primary feedstock, including scientific name: Not applicable
- j. Volume of primary feedstock from primary forest: Not applicable (0 m³)
- k. List percentage of primary feedstock from primary forest (i), by the following categories. Subdivide by SBP – approved Forest Management Scheme:
- Primary feedstock from primary forest, certified by SBP- approved Forest management Scheme – 0 %
 - Primary feedstock from primary forest, not certified by SBP- approved Forest management Scheme – 0 %

Not applicable. Primary feedstock from primary forest is not used.

- l. The volume of secondary feedstock: specify origin and type: 8617,8 m³ of wood dust and chips (secondary)
- m. Volume of tertiary feedstock: Not applicable (0 m³)

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	x

100% of all pellet production has FSC MIX claim, so SBE was 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

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

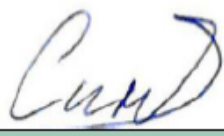
11.1 Peer review

The report was not reviewed this year.

11.2 Public or additional reviews

Supply base report of “GRANTOP-EXPORT” LLC will be available on the website www.bio-teplo.com . All questions and remarks, if any, can be to e-mail: info@bio-teplo.com .

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:			04/12/2017
	Sinitsyn A.V.	SBP Responsible	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:			04/12/2017
	Zenkova S.E.	Director	Date

13 Updates

13.1 Significant changes in the Supply Base

As part of the annual audit of SBP standards, «GRANTOP-EXPORT» LLC became the holder of the producer's SBP certificate. The producer of wood pellets provides services of «GRANTOP-EXPORT» LLC under the contract of outsourcing.

The production site is located at: 162300 Vologda Region, Termenskoye Settlement of Verkhovazhsky District, Kalichye Village.

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

8617,8 m³.

13.5 Projected figures for feedstock over the next 12 months

53000 m³.